The Role of Foreign Market Knowledge in Internationalization of B2B Born Global SMEs: 
A Case Study of Deep Tech Companies

Authors: Chenyu Huang  
Simon Olsson 
Viktoria Gnatenko 
Supervisor: Tomas Nilsson  
Examiner: Susanne Sandberg  
Date: 2019-05-31  
Program: International Sales and Marketing  
Level: Bachelor’s Degree in Business Administration  
Course code: 2FE22E
Abstract

The subject of internationalization of Born Global small and medium-sized enterprises (SMEs) that start cross-border business operations shortly after the company’s foundation has received growing scholarly attention in the last decades. Although the research of the influence of the market knowledge - information a firm has about a specific foreign market, on internationalization decisions was developing rapidly to account for the challenges of the established internationalization theories, multi-factor comprehensive analysis of the influence of all the interlinked factors of the market knowledge remains overlooked by research.

Therefore, the main purpose of this thesis is to contribute to the understanding of the impact of foreign market knowledge on the decisions of business-to-business (B2B) Born Global SMEs regarding when, where to, and how to internationalize, and concerning the ways of operating in the foreign market(s). To fulfill the purpose of the paper, the authors carried out a qualitative multiple case study with six Born Global SMEs working in the deep tech industry which has started international operations up to one year after the establishment. Fieldwork consisted of 14 virtual interviews with the Marketing Managers and Founders of the firms.

The results of this study show that the process through which the studied B2B Born Global SMEs internationalize is very similar among all companies: it starts between a few weeks up to one year after the inception of the company, and it follows a typical progressive process (first, the firms have one of their employees or external representatives physically going to the foreign market of interest; then establish the partnerships with local companies; later appoint a local representative to the market, and lastly establish a subsidiary company). Next, the research illustrates that the studied Born Global SMEs acquire foreign market knowledge from external parties by the method of grafting. Furthermore, the study also concluded that there are three groups of factors of the foreign market, which are categorized based on the firms’ perception of the factors’ influence on decisions of B2B Born Global SMEs about when, where to, and how to internationalize. These groups are: important (economic opportunities, networks, political context), disregarded (language, culture, and legal regulations) and overlooked (political context, legal regulations, and language) factors. Lastly, such foreign market knowledge factors were found to influence the decisions of B2B Born Global SMEs’ about ways of operations in the foreign market(s): political situation, economic opportunities, and legal regulation impact the companies’ decisions about operations in the foreign market(s).

Keywords

Internationalization process, Foreign market knowledge, Foreign market entry, Globalization, Born Globals, Small and medium sized enterprises (SMEs), Entry modes.
Acknowledgements

The authors of this paper would like to take the opportunity to express their sincerest gratitude and appreciation to everyone involved in helping them writing this paper. Especially, the authors want to thank Dr. Tomas Nilsson, for being a helpful tutor, and for always challenging the authors to reach their fullest potential. Additionally, the authors want to express their gratitude to the examiner, Dr. Susanne Sandberg for her professional input during the seminars, always contributing to her expertise. Both Tomas and Susanne’s guidance have been invaluable to the authors, and this thesis would not have been what it is today without them. A special thanks is also directed to the former examiner, Dr. Tatiana Anisimova who helped tremendously before her unexpected and unfortunate termination as the examiner. Furthermore, the authors would like to thank all professors in courses prior to writing this thesis, for establishing the academical foundation and necessary knowledge for this thesis to have come to exist.

Furthermore, the authors would like to thank all classmates, for giving feedback and taking the time before the seminars to constructively critique the thesis. Apart from their academical contribution, the authors also want to express their gratitude for all amazing moments spent together in Ljungby, and out in the rest of the world. Not only are they soon-to-be former classmates, but most definitely also friends for life.

Lastly, the authors would like to express their deepest gratitude to the case companies who were all amazingly helpful, and irreplaceably valuable with their contribution. Without their support, this thesis would have not been nearly the same as it is today.

Simon Olsson, Viktoria Gnatenko, and Chenyu Huang
# Table of Contents

1 Introduction ................................................................. 1
   1.1 Background .......................................................... 1
   1.2 Problem discussion .................................................. 2
   1.3 Purpose of the study and research questions .................... 4
   1.4 Delimitations .......................................................... 4
   1.5 Thesis structure ...................................................... 5

2 Theoretical Framework .................................................. 6
   2.1 Internationalization of the companies ................................ 6
   2.2 Entrepreneurial perspective to internationalization ............... 6
   2.3 Entry mode as a part of internationalization choices ............. 7
   2.4 Market knowledge .................................................... 9
   2.5 Sources of market knowledge ....................................... 9
   2.6 Foreign market knowledge .......................................... 10
      2.6.1 Economic situation of host country .......................... 11
      2.6.2 Networks .......................................................... 12
      2.6.3 Political context ................................................ 12
      2.6.4 Legal context .................................................... 13
      2.6.5 Cultural factors ................................................ 13
      2.6.6 Linguistic factors ................................................. 14
   2.7 The conceptual framework .......................................... 14

3 Methodology ........................................................................ 18
   3.1 Abductive research approach ........................................ 18
   3.2 Qualitative research strategy ......................................... 18
   3.3 Research design ........................................................ 19
      3.3.1 Exploratory approach ............................................ 19
      3.3.2 Multiple-case study design ..................................... 19
   3.4 Purposive sampling ..................................................... 20
   3.5 Cases ............................................................................ 21
      3.5.1 Company A .......................................................... 21
      3.5.2 Company B .......................................................... 21
      3.5.3 Company C .......................................................... 21
      3.5.4 Company D .......................................................... 22
      3.5.5 Company E .......................................................... 22
      3.5.6 Company F .......................................................... 22
   3.6 Data collection ............................................................ 22
      3.6.1 Primary Data ........................................................ 22
      3.6.2 Secondary data ...................................................... 23
      3.6.3 Qualitative Interviews ............................................ 23
   3.7 Operationalization ...................................................... 25
   3.8 Method of data analysis ............................................... 28
   3.9 Quality of the findings ............................................... 29
3.9.1 Credibility ___________________________________________ 29
3.9.2 Transferability _________________________________________ 29
3.9.3 Confirmability _________________________________________ 29
3.9.4 Dependability _________________________________________ 30
3.10 Quality of the research __________________________________ 30
   3.10.1 Validity ____________________________________________ 30
   3.10.2 Reliability __________________________________________ 30
3.11 Ethical research _________________________________________ 30
   3.11.1 No invasion of privacy ________________________________ 31
   3.11.2 No deception ________________________________________ 31
   3.11.3 No harm to participants ________________________________ 31
   3.11.4 Informed consent ____________________________________ 31
3.12 Individual contribution of the authors ________________________ 31

4 Findings ___________________________________________33
   4.1 Processes of internationalization and operations in foreign markets, and the decision making behind it _________________________________ 33
      4.1.1 Case A ____________________________________________ 33
      4.1.2 Case B ____________________________________________ 34
      4.1.3 Case C ____________________________________________ 34
      4.1.4 Case D ____________________________________________ 35
      4.1.5 Case E ____________________________________________ 36
      4.1.6 Case F ____________________________________________ 37
   4.2 Obtaining foreign market knowledge for decisions about internationalization and operations in foreign markets ________________ 37
   4.3 Foreign market knowledge determinants influencing the internationalization and operations in foreign markets ___________________________ 38
      4.3.1 Perceived economic opportunities _______________________ 38
      4.3.2 Local networks ______________________________________ 39
      4.3.3 Political situation ____________________________________ 40
      4.3.4 Legal regulations ____________________________________ 40
      4.3.5 Culture ____________________________________________ 41
      4.3.6 Language __________________________________________ 42

5 Analysis ___________________________________________43
   5.1 Processes of internationalization and operations in foreign markets, and the decision making behind it _________________________________ 43
      5.1.1 Time aspects of internationalization ______________________ 43
      5.1.2 Geographical aspects of internationalization _______________ 44
      5.1.3 Implementation of the internationalization _________________ 45
      5.1.4 Foreign market entry and operations ________________________ 46
   5.2 Sources and ways to obtain market knowledge ______________________ 47
5.3 The relationship between foreign market knowledge and companies’ decisions about when, where to, and how to internationalize 47
5.4 The relationship between foreign market knowledge and operations in foreign markets 49

6 Conclusions and implications 51
6.1 Answer to research question 1 51
6.2 Answer to research question 2 52
6.3 Answer to research question 3 53
6.4 Theoretical implications 56
6.5 Managerial implications 56
6.6 Societal contribution 57
6.7 Limitations 57
6.8 Suggestions for future research 57

References 58

Appendices 65
Appendix 1. The interview guide 65
List of Figures

Figure 1 Knowledge acquisition sources ____________________________ 9
Figure 2 The conceptual framework used in this research ________________15
1 Introduction
The following chapter will begin with a background on the research area of this thesis, followed by a problem discussion of the topic and a defined purpose. Furthermore, the research questions will be developed. Lastly, this chapter will bring attention to the delimitations of the paper, and the outline of it.

1.1 Background
The subject of internationalization as a tool of building relationships with customers and delivering value to them through entering new markets has been a consecutive leitmotif in the field of international marketing research for many decades (McAuley, 2010; Ruzzier et al., 2006; Williams and Grégoire, 2015). The concepts of internationalization and its broader and more universal kin concept - globalization of businesses - have been studied for a relatively long time. The concept of globalization was first introduced in the 1930 publication “Towards New Education” (Gaikwad, 2015; Ruzana, 2015). A few decades after that, the term increased in popularity and began to be used by both economists and sociologists (Gaikwad, 2015; Ruzana, 2015). Examining this further, it can be noted that many authors and researchers from different periods argue that the business climate has never been more global than the point of time their work was published. It has been demonstrated that as we are transitioning into a more international business landscape, previously closed and more regulated markets have moved into the global economic landscape, and this has had a huge impact on the emergence of a new business behavior, which is researched under topics of internationalization and globalization (Axinn and Matthyssens, 2002; Ruzzier et al., 2006). One reason for this, according to Forsgren (2002), is that the business climate is changing at a high speed, and consequently, traditional theories on internationalization are challenged. Not only is the business climate changing, but according to Sandberg (2012) the traditional theories came to exist between 1960-1980, and therefore, the question whether or not they have been outdated has been raised, because of the fact that they have not been modernized in accordance to the changes in the international business climate (Sandberg, 2012).

Except for the widely recognized trend of studying business globalization in scholarly research, another tendency in the studies of internationalization has appeared. As it has been summarized by Knight and Liesch (2016), it demonstrates that since nowadays companies across many industries operate globally, the internationalization process starts earlier - not a long time after their birth, compared to the internationalization patterns studied before, which usually examined internationalization started many years after a company had begun its business activities.

As the world is moving towards a more global business climate across all industries, small and medium-sized enterprises (SMEs) internationalize and globalize their business operations more and more in both mature as well as emerging economies (Dominguez and Mayrhofer, 2017). In terms of size, the clear definition of SMEs can vary a bit, but according to the European Commission, SMEs are defined as companies with between 10 and 250 employees, with an annual turnover of between 2 and 50 million Euros.

Among the variety of categories of SMEs, one particular type - Born Global, has become increasingly more popular since the 1980’s, when growing globalization of businesses, coupled with fast and early expansion of businesses outside its home
markets started to attract scholarly attention and has generated an arising discussion (Knight and Liesch, 2016). Born Global companies are defined as business organizations whose business model lies within selling their knowledge-based product or service, and who start expanding to the markets beyond their home country soon after they are founded (Knight and Cavusgil, 2004, p.124). Specifically, Born Global companies have consciously targeted non-domestic markets from their birth and as they became increasingly popular, a focus of scholarly interest arose.

The majority of newly started B2B Born Global firms start their international activities early after their founding. Consequently, the study of the internationalization of such companies naturally increases in its relevance, and research of the topic has continued to increase over the past twenty years (Hughes et al., 2017). When such Born Global SMEs are looking to internationalize their business operations, understanding the target markets, and knowing what skills to use to obtain this knowledge, it allows companies to better search for relevant information and has a direct impact on companies’ total knowledge base (Ibid.).

Consequently, the concept of market knowledge that has primarily been established to conceptualize the systematic information about the market, and usually covered the topics about customer insights and trends, as well as the competitors’ behaviors (Chollet et al., 2016), has started to be applied in the studies of the internationalization (Rhee and Cheng, 2002). In this particular new utilization, market knowledge refers to the level of knowledge a firm has of a specific foreign market that they are interested in entering. Such knowledge combines a variety of different factors including knowledge about customers, prospects, competitors, suppliers; cultural differences; geographical distance; the differences in economic systems, institutions, market growth, and market opportunities, among others (Rhee and Cheng, 2002; Williams and Grégoire, 2015).

1.2 Problem discussion
For a long time, competition on an international level was traditionally considered as the game for multinational enterprises (MNEs), so the majority of marketing research about internationalization has been focused on MNEs and ignored the experiences of the smaller sized enterprises (McAuley, 2010). Therefore, the scholarly world had not devoted adequate effort to the study of experiences and context of small and medium-sized enterprises (SMEs) until the early 2000s, when this type of research started to gradually develop (Ibid.). Since then, the study of the internationalization of SMEs has advanced in several characteristics, including global and cross-cultural coverage, multi-sector and multi-method approaches (Ibid.). Dominguez and Mayrhofer (2017) seconds this opinion and states that although the field of internationalization of the SMEs has started to receive more scholarly attention recently, there is still a shortage in existing research. In the review of scholarly articles on the internationalization process of SMEs published in 1999-2009, McAuley (2010) summarizes that this field of research has reached certain progress in the last decade, nonetheless, the author points out that the “conceptual, empirical and methodological challenges remain” (Ibid., p.21). Besides, as the definitions of SMEs vary in size and other core characteristics, this leads to enormous variations in the units of study ranging across micro, small and medium firms (Ibid.).

Furthermore, an even less researched topic, despite its increasing popularity, is the internationalization of the Born Global companies (Knight and Cavusgil, 2015). The authors conclude that there is a desideratum to improve knowledge in the area (Ibid.).
Another research conducted by Matthyssens et al. (2008) suggests that the existing academic literature on the subject and the high level of B2B internationalization in the business world do not match. Specifically, the authors suggest that the reality of the speed and the scope of internationalization is reflected in a relatively small amount of research and published literature (Matthyssens et al., 2008). Furthermore, the authors strongly encourage new research to be done on the topic to have a better understanding of the challenges B2B Born Globals can face when expanding to new markets, and the ways to overcome them (Ibid.).

Knight and Cavuscil (2015) specifically highlight one gap in current research, and that is the factors affecting the decision making of Born Global companies in their internationalization journey, and what role such factors can have (Ibid.). These factors are divided into internal resources, the network of partners, the characteristics and nature of the product, the competencies of the managers and decision-makers, and external factors that cannot be influenced by the firm (Ibid.). Another group of researchers, Zahra and George (2002) suggest in their study of the internationalized SMEs worldwide also that such determinants as external factors, features for the belonging industry, institutions and regulations in the country, have a significant influence on Born Global SMEs.

Even though established theories on the topic of internationalization, like the Uppsala model of internationalization and the Network perspective, do discuss such before-mentioned factors to some extent, there has not yet been developed a theory that conceptualizes a multi-factor approach and Knight and Cavuscil (2015), argue that a more comprehensive theoretical framework is needed to better understand the implications of the internationalization activities of the B2B Born Global companies (Ibid.).

Knight and Liesch (2016) have also stressed the importance “of defining, describing, understanding, explaining, predicting, developing and using theory, constructs, methods, metrics and other aspects pertinent to research on Born Global firms” (Knight and Liesch, 2016, p.99). Among the carefully suggested “avenues for future research” on Born Global firms, Knight and Liesch (2016) have outlined the following four fields of research: context; resources, capabilities, and strategies of the firms; Born Global firms characteristics; general phenomena. The suggested area of research of the context includes the domestic market, general environment, as well as foreign market (Ibid.). The latter includes the following parameters: level of economic development; risk and uncertainty; size and growth rate; economic conditions and dynamism; institutions, political and legal context; culture and psychic distance; the presence of opportunities; competitive intensity; other characteristics (Ibid.). Such foreign market characteristics are considered to be affecting organizations’ international expansion (Rhee and Cheng, 2002), and the lack of ample knowledge about foreign markets is regarded as one of the essential obstacles in companies’ internationalization (Ibid.).

Thus, foreign market knowledge is considered to be a crucial factor in internationalization processes (Autio et al., 2000; Johanson and Vahlne, 2003), since it is important to understand a specific market’s opportunities and uncertainties and risks (Liesch et al., 2011) that come along. Furthermore, Eriksson et al. (1997) argue that the shortage of research on foreign market knowledge is an issue, as it directly impacts companies’ internationalization processes. Similarly, Rhee and Cheng (2002) argue for further research in the field of companies’ acquisition of market knowledge as a factor
influencing their internationalization process and results. Among the different factors influencing internationalization, Baraldi et al. (2007) argue that one specific under-researched area is the networks and the relationships of firms. A network-based approach to internationalization has been developed based on the traditional Uppsala model of internationalization, but should, according to the authors, be complemented with more research (Ibid.). The authors explain that existing literature highlights resource requirements and different elements needed to internationalize a business, but completely misses out the role of companies’ networks in this process (Ibid.).

Given these mentioned above research tendencies and gaps in the existing literature of Born Global B2B internationalization decisions and the role of market knowledge in such internationalization decisions, the authors of this thesis have chosen to target these research areas, seeking to contribute and complement existing scholarly research.

1.3 Purpose of the study and research questions
The purpose of this study is to explore how foreign market knowledge impacts the decisions of B2B Born Global SMEs regarding when, where to, and how to internationalize, and concerning ways of operating in the foreign market(s). To reach the stated purpose of this study, the authors outlined the three following research questions.

Research question 1:
How do B2B Born Global SMEs make decisions about when, where to, and how to internationalize and operate in the foreign market(s)?

Research question 2:
How do B2B Born Global SMEs acquire the necessary foreign market knowledge to make decisions about when, where to, and how to internationalize and operate in the foreign market(s)?

Research question 3:
How do factors of foreign market knowledge influence decisions of B2B Born Global SMEs about when, where to, and how to internationalize and operate in the foreign market(s)?

1.4 Delimitations
The authors of this study have decided to conduct a multiple-case study of B2B Born Global SMEs in the deep tech industry, and all studied companies, except one, are based in Canada. Thus, as the results might represent the predominantly Canadian perspective, they might have drastically varied if additional companies from other regions of the world were included. The results, in addition, might not apply to other types of companies in the same or different industries. For the data collection method, all the interviews were only held via video conferencing tools (e.g., Skype and Zoom). While the reason for choosing this virtual form of communication is explained by the geographical distance between the authors and the case companies, it might have negatively impacted the results due to the lack of personal interaction between the authors and the respondents.
1.5 Thesis structure
This thesis begins with an introduction, presenting the background of the topic, discussing the research gap and outlining the research questions for this thesis. This is followed by the theoretical framework reviewing the relevant literature on the topic and developing the framework that is utilized in this paper. Next, the methodology is presented, explaining the methods used for data collection and data analysis. Followingly, the empirical findings derived with the help of a qualitative study approach are presented. An analysis, then, is provided, followed by the concluding chapter, which answers the research questions, outlines theoretical, managerial and societal implications, suggests the directions for future research, as well as critically reviews the limitations of the study.
2 Theoretical Framework
This chapter will present the approaches, theories, and concepts used for this thesis. This section is divided into the following topics: internationalization, entrepreneurial perspective to internationalization, entry mode, market knowledge, sources of market knowledge, foreign market knowledge. The presented theories are later concluded with a conceptual framework that synthesizes all the reviewed approaches, theories and concepts, and displays the relationships and connections between them. This theoretical framework will later be applied for the analysis of the empirical findings.

2.1 Internationalization of the companies
According to Sandberg (2012), enterprises’ activities beyond their national borders have been in focus of the business scholarly research for a long time. (Gjellerup, 2000, in Sandberg 2012) mentions that even though companies have run international operations since a long time ago, the globalization has accelerated the internationalization even further. Axinn and Matthysens (2002, in Sandberg 2012), explain that this has been induced by the advancements in low-cost technology, lowered trade barriers, and the commencements of the formerly closed markets.

The internationalization of the company is neither an easy nor straightforward process. When a company considers expanding beyond its home market, there are three decisions they need to make: where, when and how to expand (Williams and Grégoire, 2015). Furthermore, companies need to consider all related conditions in the target market (Ruzzier et al., 2006), including the entry timing and the appropriate entry modes (Williams and Grégoire, 2015). These questions and concerns demonstrate the number of factors the company needs to consider and decide upon to start and guide its internationalization journey.

Sandberg (2012) summarizes approaches to the study of internationalization and distinguishes four most influential main theoretical perspectives to internationalization: economic perspective, behavioral perspective, network perspective, and the entrepreneurial perspective to internationalization (Anderson and Florén, 2008; Coviello and McAuley, 1999; Leonidou and Katsikeas, 1996, in Sandberg 2012). The latter approach to internationalization is the one that is relevant to the purpose of this thesis, therefore, it is discussed in the next chapter.

2.2 Entrepreneurial perspective to internationalization
Among the approaches mentioned above, the most recently developed approach to internationalization utilizes the entrepreneurial perspective and studies the Born Global firms, internationalization of which is also called international entrepreneurship theory (Sandberg, 2012) Born Global model of internationalization is a more recent take on studying of the new type of companies. Born Global companies are the “Business organizations that, from or near their founding, seek superior international business performance from the application of knowledge-based resources to the sale of outputs in multiple countries” (Knight and Cavusgil, 2004, p.124).

Thus, the first distinct characteristic of Born Globals is that these are the companies that are from its beginning of existence, involved in international business activities (Knight and Cavusgil, 2004, p.124). If a Born Global company fails to develop international business activities within a short period after its creation, it can no longer be classified as Born Global as this is a key concept of the strategy (Andersson et al., 2014; Hughes
et al., 2017). Specifically, it has been established that to be classified as a Born Global company, the enterprise has to internationalize within three years after its inception (Knight and Cavusgil, 1996).

Furthermore, the speed of internationalization is considered to be an important factor, because Born Globals depend on it. Born Globals internationalize their businesses very fast with a clear goal in mind: getting foreign revenues (Andersson et al., 2014). Additionally, fast internationalization is a part of their identity as an enterprise (Knight and Cavusgil, 2004).

The second distinct characteristic is the geographical scope of the internationalization. The traditional companies, according to the Uppsala model of internationalization, tend to choose markets who are closer in terms of psychic distance, which means “factors that make it difficult to understand foreign environments” (Johanson and Vahlne, 2009, p.1412). Contrasting to this, Born Global companies choose markets with more opportunities and stronger networks. In that way, they choose markets where there is a higher demand for their products or services (Andersson et al., 2014).

The third distinguishing lies in the entry strategy and mode the Born Global companies pursue. As opposed to the companies internationalizing incrementally, Born Globals do not usually set up a wholly owned subsidiary overseas, but instead, manage their business activities from its headquarter without any established facilities in their foreign markets. Instead, Born Globals typically obtain a competitive advantage by using local resources as much as possible, instead of establishing their manufacturing or pursuing other higher forms of commitment (Oviatt and McDougall, 1994). This is due to the limitation of the resources the Born Globals have caused by being small in size, being a new and foreign player in the market (Knight and Cavusgil, 2004; Sepulveda and Gabrielsson, 2013). In other words, Born Globals tend to have financial limitations and non-established business reputations due to little business experience in the international markets (Laanti et al., 2007). To overcome such difficulties, Born Globals use the help of their networks - the relationships with external partners (Oviatt and McDougall, 1994; Sepulveda and Gabrielsson, 2013). Therefore, Born Globals take use of various strategic alliances to reach agreed-upon objectives benefiting both parties, as a way to smoothly enter new markets (Oviatt and McDougall, 1994; Sepulveda and Gabrielsson, 2013). Similarly, Barkema and Vermeulen (1998) and Freeman et al. (2006) argue that Born Globals heavily depend on business networks and alliances to overcome shortage of experience, and efficiently acquiring market-knowledge in foreign markets, and by expanding to such foreign markets, Born Globals can more efficiently obtain knowledge to receive value-adding possibilities. Seconding that, Johanson and Vahlne (2003) state that gaining experience through already-existing networks serves as a base for getting knowledge of a market because of relationships at one point or another result in knowledge exchange.

2.3 Entry mode as a part of internationalization choices
One crucial decision for companies to take when deciding on when, where to, and how to internationalize, and considering the ways of operating in the foreign market(s), is the choice of entry mode. After the decision of internationalization is made, the company needs to resolve which entry mode to use (Hollensen et al., 2011). The problems related to the choice of entry mode are widely discussed by scholars (Giachetti et al., 2018). Entry mode is a governance structure that helps the company to perform business activities and operate in a foreign market (Anderson and Gatignon, 1986). It is essential
for companies’ future because all forthcoming decisions are made based on the entry mode (Hollensen et al., 2011). Scholars also argue that it influences the company’s performance, and moreover, directly contributes to the internationalization results (Anderson and Gatignon, 1986; Giachetti et al., 2018).

There are different approaches to the distinction between the types of entry modes. One of the most established approaches has been summarized by Pan and Tse (2000). The authors divide the entry modes into equity-based (wholly owned operations and equity joint ventures), and non-equity based (contractual agreements and export activities) (Ibid.). The other approach has been compiled by Rhee and Cheng (2002) and divides the international expansion into four types of legal presence: direct export, export via an agent, establishment of a local sales subsidiary, and establishment of a manufacturing subsidiary.

There are pros and cons with each type of entry modes, and there cannot be a universal guideline for the choice of entry mode. Instead, it is a decision each company has to undertake based on its current situation and the long-term business goals. Different factors influence the company’s decision about the type of entry mode. The most important factors for this decision are the cultural distance between the markets and the level of control. First, the cultural distance between the home market and market of entry impacts the entry mode, as the difference in values, norms, and behavioral rules can harm the outcomes of the business operations, if not considered (Williams and Gregoire, 2015).

Second, the level of control measures the strength of the oversight the parent company would have over the newly established venture. Giachetti et al. (2018) argue that a higher degree of control results in better performance. Moreover, control over intangible assets and tangible assets allows the company to have a higher level of freedom on deciding how to deploy and exploit resources, which results in a higher success chance (Johnson and Tellis, 2008).

Comparing different entry mode types, Hollensen et al. (2011) have categorized them as high, intermediate and low control modes. Wholly owned subsidiary and original equipment manufacturer belong to high control mode because they offer company full control of the activities in the target market (Ibid.). Besides, the establishment of a subsidiary gives two major benefits: it gives access to the locational advantages to develop a competitive edge, and it compensates for the liability of foreignness, which together decreases the risks in the internationalization process (Rhee and Cheng, 2002). Low control modes include indirect and direct export. Indirect export leaves the company the most moderate degree of control, as it means that “the parent company uses independent organizations located in the parent company’s own country (or third country)” (Hollensen et al., 2011, p.9). The company that sells their product or service to an agent, distributor or importer in the target market, performs a direct export (Ibid.). Although the company can choose the buyer, they still have limited control over the local marketing activities (Ibid.). The intermediate modes include the forms of strategic alliances and joint ventures. For these two modes, the company can have a local partner to collaborate, and utilize their partner’s resources in the target market, which makes the strengths and quantity of partnerships the key determinant of the entry mode (Ibid.).
2.4 Market knowledge
One of the eminent phenomena widely studied in the internationalization literature is market knowledge, which is defined as organized and methodological information about the market, and it usually includes insights about customer needs, trends in the market and information about competitors' behaviors (Li and Calantone, 1998). It has been established that the more market knowledge the firm has, the better position it has to understand the changes in the market and adapt their business strategy when needed (Zhou and Li, 2012). Therefore, obtaining and using market knowledge is beneficial for the firms, as the companies can develop the products that meet customer needs (Li and Calantone, 1998).

Besides, market knowledge is also argued to be the core of the internationalization of the companies (Barkema et al, 1996; Chollet et al., 2016; Eriksson et al, 1997; Forsgren, 2002). Particularly, market knowledge is considered to be the base for the companies’ actions that in its plurality become the firm’s internationalization behavior (Casillas et al, 2010). Forsgren (2002) concludes that already in the 1960s one of the founders of the internationalization theory, Sune Carlson, has argued that scarcity of knowledge about the ways to do business in a foreign market negatively impacts the companies, as the lack of knowledge impacts the enterprises’ ability to handle uncertainties when investing abroad. This approach to internationalization has been later developed and became what is known now as the Uppsala model of internationalization. One of the essential postulates of this approach foresees that the biggest hurdle for the firms willing to internationalize is the scarcity of knowledge about foreign markets; however, this knowledge about foreign markets can be obtained is a major obstacle to international operations, but such knowledge can be acquired (Johanson and Vahlne, 1977). Therefore, further scholarly research has looked into the sources the companies acquire market knowledge from. This is presented in the next chapter.

2.5 Sources of market knowledge
Market knowledge can be obtained by different methods, contingent on the type of knowledge that is needed for a company in a specific business situation (Brennan and Garvey, 2009). The process of acquiring market knowledge by a firm is called the firm’s learning, and it has been widely researched when studying the firms' internationalization behaviors (Forsgren, 2002). In their study of the acquisition sources of knowledge, Fletcher and Harris (2012) developed a categorization of the methods the companies use to obtain knowledge. The table is presented in Figure 1. The categorization model is based on the examination of the sources of knowledge: internal and external; as well as the types of information: experiential and objective (Ibid.). The authors specify that market knowledge is one of the types of general knowledge (Ibid.). As seen in Figure 1, there are four methods the companies can use to obtain market knowledge. They are: direct experience, indirect experience, external searching and internal information (Huber, 1991).

![Figure 1 - Knowledge acquisition sources (Fletcher and Harris, 2012, p.634)](image-url)
Going into details about each of the categories of obtaining market knowledge, the first type is acquisition using direct experience. By using the direct experience, companies collect firsthand information from direct experience such as the company’s current and previous business activities (Huber, 1991). Thus, the firms’ learning is the process of converting their experiences from a specific market into knowledge (Johanson and Vahlne, 1977).

As for the second category, market knowledge might be acquired by indirect experience. There are two types of obtaining market knowledge via indirect experience: vicarious learning, which means that the companies learn from or imitate others’ experience; as well as grafting, which implies that companies hire people, who can bring their expertise and knowledge into the company (Huber, 1991). Furthermore, this category also contains the later scholarly contribution to knowledge acquisition from business networks (Johanson and Vahlne, 2003; Johanson and Vahlne, 2006). Specifically, the relationships with customers and suppliers enable both parties to learn about each other and adjust the business strategies; while the relations with partners, two counterparts may get the skills that can be transferred to relationships with other partners; and finally, from all the relationships, the vis-a-vis may acquire knowledge about specific business processes, as well as about the cooperation techniques (Johanson and Vahlne, 2003; Johanson and Vahlne, 2006). Similarly, Bruneel et al. (2010) argue that learning from partners positively impacts the internationalization of young firms. Besides, Schwens and Kabst (2009) argue that for early internationalization, the experience of others plays a bigger role than the direct experience. To sum up, Forsgren (2002) summarizes that most of the current studies focus on this type of company’s learning for internationalization, as it has the biggest impact on experiential knowledge (which will be discussed below in Chapter 2.6).

The next type of market knowledge acquisition, the external search, is based on the available material provided by organizations like banks, research agencies, chambers of commerce, etc. (Huber, 1991). Usually, the company uses the knowledge collected this way to solve a specific problem they face (Huber, 1991). Lastly, internal information comes from staff and systems in the company (Huber, 1991). In another categorization of sources to obtain market knowledge, Ling-Yee (2004) gives examples of acquisition of market knowledge from the internal resources of the firm, and it includes obtaining information from CEO or other employees. As the sources of acquisition of market knowledge are presented, it is also essential to understand what apropos market knowledge entails for the study of internationalization.

2.6 Foreign market knowledge
As it has already been mentioned in Chapter 2.4, market knowledge is the key element of firm’s internationalization behavior, therefore, the studies of firms’ internationalization shall consider both the acquisition and the application of the relevant knowledge by the firms in their internationalization journey (Barkema and Drogendijk, 2007). There are two types of market knowledge that companies obtain and use for their international operations: general and country-specific market knowledge. First, Eriksson et al. (2000) define the general internationalization knowledge as knowledge accumulated through all experiences of the firm of international expansions. Internationalization knowledge is found to be applicable to different new foreign markets, not only to the specific market the knowledge was acquired at (Blomstermo et al., 2004).
The second type of market knowledge, market-specific knowledge, is the knowledge of a certain foreign market, or its constituents - institutions, networks, individual actors, etc. (Eriksson et al., 1997). In the situation when such knowledge is missing or is simply not enough due to diverse factors (e.g., the drastic difference between the markets), the companies might need to acquire more country-specific knowledge (Jansson, 2007). Looking at the nature of knowledge, there are two kinds of knowledge: objective and experiential knowledge (Penrose, 1959, cited in Sandberg, 2012). Sandberg (2012) summarizes that objective knowledge is of a more explicit nature and is more transferable. The examples of objective knowledge include printed materials, as well as books and other files (Ibid.). The other kind of knowledge, experiential, is the knowledge that is obtained through learning by doing (Sandberg, 2012). Particularly, experiential knowledge is obtained via interplay with other parties on the market (Johanson and Vahlne, 2006). Therefore, it is more tacit, as it is based on experience, feeling, and intuition (Ibid.). In his study of the concept of learning in the internationalization process, Forsgren (2002) specifies that it is the experiential knowledge that is the most important for the internationalization processes of the companies.

As for the substance and integral parts of the foreign market knowledge, there are a plethora of scholarly views about what comprises the foreign market knowledge. To name a few studies, Eriksson et al. (1997) have concluded that market knowledge of a specific market is built with two types of knowledge: institutional knowledge and business network knowledge The former one is related to the macro environmental institutions in the foreign country (e.g., local government, country’s laws, culture, etc.), while the latter consists of the business network the firm has in the market (e.g., relations with suppliers, competitors, customers, etc.) (Eriksson et al., 1997). Another group of researchers, Williams and Grégoire (2015), concluded that such differences between the home market and target market influence the internationalization decision, strategy and outcomes of internationalization: geographical distance, cultural distance, and the differences in economic systems, institution as well as other aspects.

Due to the abundance of different classifications and definitions of the concept of foreign market knowledge, the following subchapters will provide a comprehensive compilation of the factors that this study found to be the most determining for the companies’ decisions about when, where to, and how to internationalize and further operate in a foreign market.

2.6.1 Economic situation of host country
To start with, one of the first elements comprising the foreign market knowledge is the economic situation of the host country. As the eclectic theory, developed by Dunning (1988), points out that location-specific factors, such as per capita income, market growth, and market opportunities, impact the company’s decision making in the choice of the markets to expand to, and their internationalization behavior in general. Furthermore, Armstrong and Kotler (2010) state that the economic environment and income distribution should gain extra attention in international business contexts (Armstrong and Kotler, 2010). Similarly, Min et al. (2017) state that businesses should heavily consider the size of the target market before entering it, to see if there are enough economic opportunities.

Seconding this, North (1990) points out, the economic system and business-related situation are important for businesses looking to expand their operations to consider.
Similarly, according to Darling and Seristö’s “Key step model” (2004), the first things that the firms should analyze when making decisions is the market opportunity that specific market offers. Furthermore, the authors point out that the economic climate of a country should be one of the first things to examine when choosing which markets to expand to (Darling and Seristö, 2004).

2.6.2 Networks
The Network approach to internationalization conceptualizes internationalization as the process of developing, maintaining and establishing networks and relationships with other network partners in non-domestic markets (Johanson and Mattsson, 1988). The authors continue to argue that if a company can get stronger relations with other firms, the company is more likely to obtain trust and commitment, which results in a gain in market penetration (Ibid.). Håkansson and Johanson (1994) also highlight the importance for firms to have various networks and specifically, their success on firms’ internationalization outcomes. Specifically, it is the exchange of information as a learning tool, which has been reviewed in Chapter 2.5, between the different participants in the network that stimulates the internationalization of the firms (Chetty and Agndal, 2007).

The extent to which a company is internationalized, according to the Network model, is determined by its position in non-domestic networks and the extent of relevance and integration of such positions. In other words, according to the Network model, when a company has a high level of internationalization, it also has many different relations with entities from foreign markets (Johanson and Mattsson, 1988). When companies enter such international networks, they benefit by obtaining knowledge from other companies within the network, being beneficial for all companies in the same network through the resources and experiences of their network relationships (Håkansson and Johanson, 1994). Zuchella and Schabini (2007) also argue that acquiring knowledge from the other entities in the network enables the company to expand into new markets. In this way, the company can make the knowledge transfer between the entities (Ibid.).

Supporting the importance of networks, Bathelt et al. (2004) conclude that in the internationally connected business climate, both local and global networks come with a lot of benefits, as it helps firms to manage their interconnections through various industries, markets, and locations. Additionally, Alcácer et al., (2016) point out that multinational networks can be used for firms’ operations in several markets to create new business opportunities and advantages (Alcácer et al., 2016). Besides, having a developed network lessens the need for developing knowledge from only internal resources (Johanson and Mattsson, 1988).

2.6.3 Political context
Cuervo-Cazurra et al. (2007) argue that the political situation of a country has a direct impact on firms’ perceived attractiveness of the foreign market. Furthermore, the scholars argue that market attractiveness is heavily reduced if a country’s government is not open to foreign firms operating in their market (Cuervo-Cazurra et al., 2007). Additionally, the authors point out that if the relationships of governments between the home market and the target market are good, the motivation for internationalization to that specific market increases. Lastly, they conclude that if foreign companies can get support provided by the government to help them establish their business, the level of attraction further increases (Ibid.). Similarly, Brouthers et al. (2016) argue that some
governments can impact firms’ looking to internationalize their businesses by restricting them or taxing them more than national firms’ (Brouthers et al., 2016).

Bals et al. (2013) argue that the political environment is crucial for companies to consider when expanding their business operations to new and that the political situation of a country has a direct impact on the economic progression and development of a country, and, thereby, is a determining factor for motivations of internationalization. Furthermore, the authors place high importance on how much the government of the target market can control and limit certain actions of the firm. Additionally, they argue that the political structure of countries serves as a cornerstone of international business (Bals et al., 2013). They also argue that political processes can affect the profits and possibilities for companies doing business in foreign markets (Ibid.). Similarly, Skipari and Pajunen (2010) argue that foreign business activity always requires more or less political bargaining between the enterprise and the target market's government (Skipari and Pajunen 2010).

2.6.4 Legal context
Bals et al. (2013) also include legal circumstances and local regulations as a key determinant for drivers of internationalization and state that “[...] The size of government and the degree of its control on various economic activities vary dramatically across countries” (Ibid., p.154-155). Consequently, companies’ looking to internationalize should take into consideration to which extent a country’s government legally can control the business (Ibid.). Zaheer (1995), Chetty et al. (2015) and North (1990) similarly argue that cross-border business operations are dependent on legal restrictions and that it has a direct impact on businesses in any given market. Lastly, Whitelock and Jobber (2004) and Karakaya and Stahl (1989) argue that some of the key factors in determining the success of market entry include import quotas, import tariffs, governmental limitations and local regulations or policies (Karakaya and Stahl, 1989; Whitelock and Jobber, 2004).

2.6.5 Cultural factors
Even though various definitions of culture exist, an established definition describes culture via directly linking it to the country’s behaviors, typical patterns, general beliefs and core values that are communal among its inhabitants (Hofstede, 1980; Trice and Beyer, 1993). One of the most well-known conceptualizations of culture is made by Hofstede et al. (2010), who suggest that culture is a collective phenomenon which can distinguish the people of a specific group from others, "because it is at least partly shared with people who live or lived within the same social environment, which is where it was learned" (Ibid., p.6). Thus, in comparison with other market knowledge factors reviewed above, culture is different from them. However, at the same time, culture is influenced by the economic, political, religious and other macro environmental aspects at the same time (Soares et al., 2007).

According to the pioneers of the internationalization research Johanson and Vahlne (1977), it is the difference in culture and language that results in the insufficiency of the foreign market knowledge, and, thereby, influences the international expansion and operations. Several later studies confirmed the nexus between the company’s decisions about internationalization and the cultural characteristics of a country (e.g., Benito and Gripsrud, 1992, Luo and Peng, 1999, Tse and Pan and Au, 1997, cited in Rhee and Cheng, 2002). Therefore, when it comes to deciding upon market entry, the cultural factor is one of the most important to consider (Williams and Grégoire, 2015).
Specifically, the firm needs to consider “attitudes and opinions, social relationships both in and outside the firm, and the way such attitudes, opinions, and social relationships are changing” (Samiee, 2012, p.660).

Besides, the cultural distance between the countries is to be regarded. More considerable cultural distance leads to a higher liability of foreignness and makes it harder for the company to operate (López-Duarte and Vidal-Suárez, 2013), as it might cause “friction in understanding partners' languages, values, and non-verbal cues” (Hau and Evangelista, 2007, p.1157). At the same time, big cultural distance poses an investment risk to the company (Schellenberg et al., 2018), and, thus, elevates executives’ uncertainty on the operation in the target market (Malhotra et al., 2011). Apart from that, having local partners usually means working with people with different background and different work ethics, which might increase the transaction costs for the company (Chatterjee et al., 1992, cited in Malhotra et al., 2011), and jeopardize the corporate culture (Barkema et al., 1996).

**2.6.6 Linguistic factors**

Lastly, the linguistic factor is regarded as an important element of foreign market knowledge. Harzing and Feely (2008) point out that in international contexts, language emerges as a dominant factor defining the group boundaries and composition. The authors argue that in an international setting, language is a crucial factor in conceptualizing the boundaries that need to be overcome (Ibid.). Naturally, when companies are expanding to foreign markets that do not speak the same language, there will be some complications that will follow (Ibid.). Surprisingly, the idea that language is a crucial factor in globalization processes seems to have lost its deserved perceived importance (Cuypers et al, 2015). Furthermore, the authors suggest that language is a determining factor of the success of companies work together; therefore, companies that do not consider the possible negative results of linguistic distance may pay a big price (Ibid.).

According to Sanden (2016), a substantial amount of scholars conclude that the majority of the companies can overcome the language distance with help of establishing a lingua franca, which is an agreed-upon common language between the companies (usually English). However, the author also suggests that there is the danger of language hierarchy, i.e. the phenomenon when the native speakers have a superior position compared to non-native speakers. Furthermore, Sanden (2016) suggests that there are six main threats the difference in linguistic proficiency entails: native speakers get a beneficial status; non-native speakers obtain a lower status; non-native speakers lose their confidence; people with lower language skills get fewer opportunities; a non-beneficial impact on language within the firm and an arise of structures within the company based on language proficiency (Ibid.).

In order to overcome these threats, Sanden (2016) suggests the four following ways: to enhance the language skills of the employees who are not native speakers by language training; to work with professional translators; to use technology-based resources to help with translations; to employ multilingual employees proficient in the required languages (Ibid.).

**2.7 The conceptual framework**

There are several characteristics of the target foreign market(s) which irrevocably impact the decisions of B2B Born Global SMEs regarding their internationalization and
operations in the foreign market(s). Therefore, the companies have to consider these foreign market characteristics, which comprise the foreign market knowledge, when deciding upon when, where to and how to internationalize and deal with them for the operations in the foreign market(s). As the multi-factor approach has not yet been developed in existing scholarly literature (Knight and Cavusgil, 2015; McAuley, 2010; Rhee and Cheng, 2002), the authors of this paper found it necessary to accommodate all discussed factors in Chapter 2.6 in one analytical framework, gathering the most influential factors studied in the scholarly literature, in order to reach the purpose of this study - to explore how different determinants of the foreign market knowledge impact the decisions of B2B Born Global SMEs regarding when, where to, and how to internationalize, and ways of operating, in the foreign market(s).

Hence, the researchers of this paper created a conceptual framework compiling the six factors of the foreign target market constituting the foreign market knowledge, which influences companies’ decisions about when, where to and how to internationalize and operate in the foreign market(s). This conceptual framework has been based on theories reviewed in Chapter 2 in this thesis. The presented theories confirmed that all the factors depicted in the model are important for B2B Born Global SMEs to consider for the decisions about when, where to and how to internationalize and operate in the foreign market(s). By developing this framework, the authors also attempt to fill in the gaps in the current scholarly literature about the role of foreign market knowledge in the decision about internationalization and operations in the foreign market(s). The created conceptual framework is presented in Figure 2.

![Figure 2 - The conceptual framework used in this research](image)

As seen in Figure 2, all six factors - economic situation, network, political situation, legal regulations, culture, and language - constitute this thesis’ understanding of foreign market knowledge. These six factors compiled influence the B2B Born Global companies’ decisions on when, where to, and how to internationalize and operate in the foreign market(s). As the internationalization and further operations in the foreign market(s) are the processes that are influenced by the determinants of foreign market knowledge, these two aspects are also present in the framework.

Delving into the elements of foreign market knowledge in Figure 2, it is noticeable that different factors are interlinked with each other. To start with, culture and language are unarguably dependent on each other and are inseparable, and as stated by Risager (2005,
p.190): “human culture always includes language, and human language cannot be thought without culture”. Moreover, scholarly research also shows that culture and politics are connected. As stated by Dalmau and Dick (1990), [...] “political changes are inevitably to do with culture” (Ibid., p.109). Therefore, the political context of the foreign market determines how easy it is for foreign companies to conduct business operations (Ibid.). Continuing on the subject of politics, it is found that it has a direct influence on the economic development of a country (Cheibub and Limongi, 2000). It is also found that politics has a direct impact on the legal regulations of a country, and Cerar (2009) argue that “Law and politics as social phenomena are two emanations of the same entity, [...], regarding which their separate existence is only a consequence of a human dualistic or pluralistic perception of the world” (Ibid., p.20). Lastly, looking into the network factor, many researchers argue that strategic networks are crucial for companies internationalization and further operations; therefore, it is important to build and maintain long-term interactions with various entities, which, in its turn, is influenced by all the other five factors presented in this conceptual framework and described above (Alcácer et al., 2016; Bathelt et al., 2004; Håkansson and Johanson, 1994; Johanson and Mattsson, 1988; Zuchella and Schabini, 2007).

After reviewed the interconnections between the six factors of foreign market knowledge, it is time to introduce the relations between the factors foreign market knowledge and the company’s decisions of when, where to, and how to internationalize and operate in the foreign market(s). To start with, as argued by various scholars, there is a strong link between decisions about internationalization and further market operations and culture. Particularly, when the cultural difference between the home market and the target market is high and not considered properly, it can be difficult for companies to carry out business activities without facing unexpected setbacks due to cultural differences (López-Duarte and Vidal-Suárez, 2013; Rhee and Cheng, 2002; Soares et al., 2007). Thus, culture affects how easy it is to conduct business in the foreign market(s). Similarly, the relevance of language for decision making about internationalization and operations is demonstrated by Cuypers et al. (2015), who argue that companies that do not consider the possible negative results of linguistic distance may pay a big price. Hence, language barriers should be considered in the decisions about internationalization and further market operations, due to the negative impacts when disregarded. Furthermore, the economic development and business situation in the foreign market impact market opportunities for foreign companies, and therefore are also considered to influence the decisions about internationalization and market operations (Armstrong and Kotler, 2010; Darling and Seristö, 2004; Min et al., 2017). As well, political context affects the ease to of doing business and building networks, as well as impacts legal regulations (Bals et al., 2013; Brouthers et al., 2016; Cuervo-Cazurra et al., 2007). Furthermore, the companies are directly impacted by legal restrictions and are not in control of them (Bals et al., 2013). It is, therefore, it is important to consider legalities and the political context for the decision-making regarding internationalization and operations in the foreign market. Lastly, the quantity and quality of the networks in the foreign market influence the decisions about the internationalization and further operations, as well as the internationalization outcomes (Alcácer et al., 2016; Bathelt et al., 2004; Håkansson and Johanson, 1994). Therefore, the factor of knowledge is accounted for in this conceptual framework too.

After careful consideration of the connections between all the elements in the conceptual framework, it is time to draw some concluding remarks about a relation of the foreign market knowledge and company’s decisions about internationalization and
further operations in a specific market. It can be argued that if companies have poor knowledge about the foreign market they are considering internationalizing to, they can face many hurdles that can be prevented by acquiring the appropriate foreign market knowledge. Besides, in the context of internationalization of the B2B firms, understanding foreign markets before deciding on when, where to and how to internationalize and later operate in the foreign market(s) is very important, as otherwise, companies can unknowingly make decisions that will negatively impact them (Rhee and Cheng, 2002). Depending on the market a company considers for its internationalization, and the home market that the company is operating from, each factor may vary in importance. Nevertheless, companies expanding their business operations should closely examine each factor. Therefore, before making any decisions regarding internationalization and further operations in the foreign market(s), B2B Born Global SMEs are believed to carefully consider all six factors beforehand.
3 Methodology
This chapter presents the methodology of the research and discusses the reasons behind the choices of methods and approaches that were undertaken for this study. This is followed by an explanation of the data collection and data analysis methods.

3.1 Abductive research approach
The research approach is a crucial part of the research methodology, as it presents the relation between theory and empirical finding, and specifically, inspects if theory guides research, as in deductive approach, or if the theory is the outcome of a research, as in the inductive approach (Bryman and Bell, 2015). Besides already mentioned deductive and inductive approaches, there is also an abductive approach that foresees the usage of the empirical finding as a framework for the theoretical framework (Dubois and Gadde, 2002). It is useful for research aimed at discovering new phenomena, e.g., variables and relationships (Ibid.). Using this approach, the researchers are, at the same time, creating a theory and collecting empirical findings (Ibid.). This enables them to constantly review and update theory building and collection of the data, which gives a possibility to modify theories in consistency with the interpretations of the empirical findings (Ibid.). Therefore, the goal of abductive studies lies in theory development, rather than theory generation, and specifically in “the generation of new concepts and development of theoretical models, rather than confirmation of existing theory” (Ibid., p.5).

Therefore, as this thesis is aimed at exploration of how foreign market knowledge impacts the decisions of B2B Born Global SMEs regarding when, where to, and how to internationalize and operate in the foreign market(s), the abductive approach has been beneficial for this study due to the exploratory nature of the study and the aim of obtaining a greater understanding of the relationships between the foreign market knowledge and decisions about internationalization and operations in the foreign market(s). Having followed this approach, the authors have shifted between theory and data collection in the research process. The researchers have started with the empirical finding gathering for a pilot study and have later narrowed down the parts of the internationalization process, the relationship between market knowledge and internationalization that could not be explained with the help of the existing theories - these surprising facts were chosen to be the focus of the study. The authors have found the theoretical approaches that explained the detected empirical facts to the best degree, and this was a starting point for the research. Later on, the authors carried out the full-scale field work, and once the new empirical insights were identifying, the researchers went back to the theoretical framework to adapt it to better explain the discoveries. This enabled the authors to be more flexible and allowed to modify the theoretical framework and the research design when it was needed. Altogether, this approach has been useful for this study, as it allowed to reach the research purpose by application of some established theoretical models, as well as by the extraction of new knowledge from the empirical study.

3.2 Qualitative research strategy
Quantitative research strategy highlights the quantification in the collection and analysis of data and imposes a deductive research approach that foresees the testing of theories (Bryman and Bell, 2015). Therefore, quantitative research is usually used when the study aims at testing the existent theories and discovering the connections between the quantifiable variables.
Qualitative research strategy, on the other hand, usually accentuates on the words, instead of quantifiable variables, in collection and analysis of data, and implies an inductive research approach, in which the focus is on the generation of theories (Bryman and Bell, 2015). Qualitative research aims at collecting in-depth information about the studied phenomena. This is usually achieved through observations, in-depth interviews, and the study of the documents (Bryman and Bell, 2015). Besides, due to its nature that helps to delve into discussions and insights, the qualitative research design is considered to be suitable for the studies aiming at a comprehensive understanding of a certain phenomenon (Ibid.).

Due to the exploratory nature of this thesis, the authors considered a qualitative research approach to be the most suitable for this study, as this approach permitted the collection of in-depth data and exploration of reality in its richness and details. The qualitative method has been most useful for this study, as it allowed to collect the in-depth points of view of the people in the field. Particularly, this method has enabled the research to gather the insights and all the details of how the studied companies went through the internationalization process, which supported the goal of the study to explore the role of market knowledge for decision taking of B2B Born Global SMEs regarding when, where to, and how to internationalize and operate in the foreign market(s).

3.3 Research design

Research design is the framework that is used to generate evidence that allows answering the research questions (Bryman and Bell, 2015). Thus, the choice of research design dictates the framework the data is collected and later analyzed.

3.3.1 Exploratory approach

The research design in qualitative research can be of explanatory, exploratory and descriptive nature (Yin, 2014). In this study, the exploratory approach will be utilized. The exploratory approach helps to investigate and apperceive the data, and it is best applied for ambiguous phenomena (Yin, 2014). As the research aims at studying the impact of the foreign market knowledge on the decisions about when, where to, and how to internationalize and operate in the foreign market(s), which is a rather uncertain and unexplored phenomenon, the exploratory approach would allow to find the existing relationships between the foreign market knowledge and the decisions when, where to, and how to internationalize and operate in the foreign market(s) and may help to fill in the research gaps.

3.3.2 Multiple-case study design

For the research design of this study, the authors chose to do a qualitative case study. Case study research is one of the forms of social science research, together with experiments, surveys, histories, and archival analysis (Yin, 2014). Yin (2014, p.2) recommends using case study for studies aiming to answer “how?” and “why?” research questions, and for studies in which the scholar has no or little control over behavioral events, as well as if the focus of the study is at a contemporary phenomenon. The qualitative case study is suitable for the studies focused on gathering insights and interpretations, rather than creating a hypothesis (Merriam and Tisdell, 2016). This is particularly helpful for the studies aiming to understand complex social reality, and especially it allows to dig into a case, while still keeping the holistic perspective (Yin, 2014). As a case study research design foresees an in-depth study of the narrowly defined phenomenon, it allows gaining deeper knowledge about a specific matter (Bryman and Bell, 2015).
As this research aims at examining what role foreign market knowledge play in decision making of B2B Born Global SMEs regarding when, where to, and how to internationalize and operate in the foreign market(s), the case study design would allow us to provide a detailed and intensive analysis of the specific cases in the present circumstance. This would help to answer the research questions that are striving to explain how and why factors of foreign market knowledge influence decisions of B2B Born Global SMEs about when, where to, and how to internationalize and operate in the foreign market(s). In this way, the authors would manage to examine the particulars rather than produce generalizations.

Furthermore, Yin (2014) mentions that a choice between a single- and multiple-case is an important one. The multiple-case study is also called a comparative case study, and it foresees gathering and analyzing data from a handful of cases rather than working with only one case, as in the single-case study (Merriam and Tisdell, 2016). The authors believed that this study would benefit from being designed as a multiple-case study. According to Yin (2014), having multiple cases stipulates usage of a handful of cases that reinforce the evidence, it results in having information of higher value, in comparison with a single case study. Merriam and Tisdell (2016, p.41) continues that “the more case studies included in a study and the greater variation across the cases, the more compelling an interpretation is likely to be”. Therefore, to best reach the goal of this thesis, the authors used the multiple-case study for the sake of collection as much information about the decision making of B2B Born Global SMEs regarding when, where to, and how to internationalize and operate in the foreign market(s) as possible. This allowed the research to be more robust and capture the reality more holistically, as well as to compare or replicate the phenomenon, as summarized by Ghauri and Gronhaug (2010).

3.4 Purposive sampling
According to Bryman and Bell (2015), there are two types of sampling techniques: probability sample and non-probability sample. Non-probability is when the samples are not selected randomly, which means that some of the units have a higher chance of being selected (Ibid.).

In all the forms of non-probability sampling, the most used technique is purposive sampling (Merriam and Tisdell, 2016). Researchers carry out purposive sampling when they want to “discover, understand, and gain insight” on an issue, so it is necessary to pick samples that have special and representative experience (Ibid., p.96). This selection shall be conducted strategically to ensure that the interviewees are relevant to the purpose of the study and will be able to answer the research questions (Bryman and Bell, 2015).

Considering all the characteristics, purposive sampling is the best fit for this study. For this reason, the authors of this thesis have carefully chosen the companies to interview. Such criteria for the choice of the companies were established:
1. The companies shall be SMEs, i.e., have 10-250 employees, and an annual turnover of EUR 2 - 50 000 000, which is the definition of SME used in this study.
2. The companies should have been internationalized within a maximum of three years since their establishment, which is the definition of Born Global companies used in this research.
3. The companies shall have business operations in more than three markets, including the home market.

Besides, to get reliable and detailed data, the researchers decided upon carefully selecting the interviewees. As such, the research initially targeted to interview Founders, Co-founders, and Marketing Managers, as these people have the most knowledge and insights about the firm's operations and internationalization effort. For the purpose of this study, it was also important that the interviewees have substantial experience within the company. Therefore, the requirement was that they have been working for the company since its foundation, or for more than three years.

Hence, the researchers selected six companies who fit the criteria mentioned above. The chosen companies are presented in Chapter 3.5. The list of the interviewees is presented in Chapter 3.6.3.

3.5 Cases
The companies chose to stay anonymous, therefore each company was attributed a name consisting of a letter (e.g., company A). Following the criteria in 3.4.2, the authors have selected consecutive companies to be our cases.

3.5.1 Company A
Company A is a Canadian SME within the field of deep learning and Artificial Intelligence (AI) technologies. They are focusing on industries such as the automotive industry, the surveillance industry, the health care industry, and the mobile industry. The technology they have developed helps to satisfy computer constraints for systems utilizing deep learning. The company’s main product is an Artificial Intelligence driven deep neural network optimizer with focus from cloud computing to edge computing. Company A has a headquarter in Montreal (Canada) and operates in China, Taiwan, Japan, Canada, the U.S., and the European markets. Company A was established in 2015 and had international business operations one week after that.

3.5.2 Company B
Company B is a Canadian hardware and software SME that has developed ultra-low power sensors with the end-goal of extending the battery time tremendously on the Internet of Things (IoT) applications. The technology improves the lifetime of such applications and products by replacing old battery technology with theirs. The primary focus of the company is to reduce power consumption in various industries such as healthcare, agriculture and smart home. Company B has a headquarter in Montreal (Canada) and runs business operations in the U.S., Canada, China, Taiwan, Japan, Korea, and the European markets. Company B was established in 2015 and got its first international client one year after its birth.

3.5.3 Company C
Company C is a Canadian SME that has developed an anti-reflection glass to eliminate reflection from devices such as mobiles, computers, and cameras. Their technology is also focusing on minimizing energy consumption on such devices and in that way saving battery time. Company C has a headquarter in Montreal (Canada) and doing business in Canada, the U.S, China, and Taiwan. Company C was established in 2016 and got its first international client in three months after its launch.
3.5.4 Company D
Company D is an SME working in the sound technology industry. Using graphene as their primary material, they can produce micro speakers for phones, tablets, and computers, and to make sound four times louder. They are only working with B2B customers, such as big mobile companies that integrate Company’s D speakers into own products. Company D has a headquarter in Montreal (Canada) and operates in the U.S., Canada, China, Taiwan, Japan, Korea, and Europe. Company D company was established in 2016, and they got the first international customer in five months after that.

3.5.5 Company E
Company E is a Canadian cybersecurity SME focusing on online data protection. They are using machine learning to optimize their technology and their customers are usually big multinational B2B companies, governmental establishments, and state-owned enterprises. Company E has a headquarter in Montreal (Canada) and has business operations in Canada, the U.S., China, Japan, and Europe. Company E was established in 2017 and got its first international client in one year after its establishment.

3.5.6 Company F
Company F is a German SME in the music industry. They produce both hardware and software for the multi-dimensional technology to help musicians in various fields. Company F sells its technology to other companies and also creates their products using the technology they developed. They have a headquarters in Berlin (Germany), and Hong Kong (China), and operate worldwide. Company F was established in 2016 and got its first international client six months after its birth.

3.6 Data collection
Some scholars argue that data collection is the pivotal step of any research (Bryman and Bell, 2015). Getting access to the relevant data, as well as collecting it in a correct methodological way data foresees deciding is central for the research projects, as it has a direct impact on the results of the study.

3.6.1 Primary Data
Many researchers choose to gather primary data as a data source, as it allows to count for valid and reliable data that is relevant for research purpose (Saunders et al., 2016). Primary data is the empirical evidence collected by the researcher(s) who are doing the analysis (Bryman and Bell, 2015). This type of data is especially useful when the research is based on more specific research questions (Saunders et al., 2016). As such, in qualitative research, primary data is usually collected via interviews and interpretations (Merriam and Tisdell, 2016).

In this study, a considerable number of empirical findings come from the primary data that has been collected through video conference interviews. This method of gathering the primary data has been chosen, as it provides an opportunity to collect accurate and reliable information about how the interviewees’ views and insights (Bryman and Bell, 2015). As such, the interviews in this research have focused on the interviewees’ views on market knowledge and their understanding of its impact on the internationalization process.

Specifically, Skype and Zoom video conferencing platforms were used, to compensate for the geographical distance to the respondents, and the inability of completing face-to-
face interviews. Video conferencing tools provide many advantages for long-distance interviews: e.g., they add a visual element similar to the face-to-face interviews, save time and costs, and time flexibility for the respondents (Bryman and Bell, 2015).

3.6.2 Secondary data
Secondary data is the data collected by the different researcher(s) that the one(s) analyzing it (Bryman and Bell, 2015). It can also be the data from official statistics, previous research articles, books, mass media, online sources, etc.

This research has used secondary data to enrich the empirical findings. Particularly, the authors collected secondary data from the Internet web pages of companies that were interviewed in order to gather the background information about the studied companies.

Besides the interviews, for this study, it was important to collect information from other sources. Therefore, the researchers have collected and analyzed companies’ documentation related to their international operations and internationalization process. Specifically, the authors got access to some yearly reports, strategy documents, partnership contracts, letters of intent, communication materials, as well as marketing brochures. Using different sources is important for case studies, as triangulation of data increases its reliability and validity. Therefore, this research has acquired empirical findings from different sources to validate the empirical findings from the interviews, as well as to strengthen them.

3.6.3 Qualitative Interviews
An interview is one of the most commonly used methods in qualitative studies (Bryman and Bell, 2015). As a method of collecting data, the interview allows to capture that interviewee’s point of view and gather insights into what the respondent finds relevant and essential, as well as it allows to follow up the interviewee’s replies (Ibid.). The main advantage of this method is that it is rather flexible, and the interview can be adjusted to the direction the respondent is taking the interview to, as well as the emphases in the research as a result of significant issues emerging in the course of interviews” (Ibid.).

Merriam and Tisdell (2016) classify the interviews into three types: structured, semi-structured and unstructured. Semi-structured interviews are not standardized, which means that the questions in semi-structured interviews are flexible and they play a role of a guideline to foster the conversation between the interviewer and the respondent (Merriam and Tisdell, 2016). These characteristics give semi-structured interviews their big advantage - the possibility to gather deeper and richer data (Saunders et al., 2016).

Therefore, to best reach the purpose of the research, this study has undertaken qualitative interviews as is the method of data collection. This is due to the possibility of the interviews to provide the researchers with reliable, detailed and in-depth empirical findings, which is important, as this study seeks detailed answers aimed at understanding the role of foreign market knowledge in the SMEs processes of internationalization.

As for the type of interviews, the semi-structured interviews have been chosen for this research. This type of the interviews allowed the researchers to obtain as much information as possible, as it enabled the interviewers to adapt the question and follow up on the respondents’ replies during the interview, which allowed them to gather even deeper and more specific data. Furthermore, as this research has had abductive nature, it
was crucial for respondents to have space to express their views in a rather free manner; however, they still work within a certain framework. In this way, the new nuances and elements of knowledge have emerged.

As such, the majority of the empirical findings have been collected through 14 semi-structured interviews were conducted via video conferencing tools (e.g., Skype and Zoom) between the 30th of April 2019 to the 10th of May 2019. In particular, two to three employees from six companies that were already presented in Chapter 3.5 were interviewed, and the study used data saturation as an indication of the sufficiency of the gathered data about each case. All interviews were conducted in English with all three researchers being present. After the consent of the respondent, all interviews were digitally recorded and later transcribed. The length of the interviews varied between 29 to 82 minutes. The list of interviews conducted for this study is presented in Table 1.

Table 1 - The list of the conducted interviews

<table>
<thead>
<tr>
<th>Company</th>
<th>Interviewee, Position</th>
<th>Date of the interview</th>
<th>Conducted (Skype, phone, language…)</th>
<th>Lengths</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Interviewee A1, Marketing Manager</td>
<td>3/5 2019</td>
<td>On Skype in English</td>
<td>49 minutes</td>
</tr>
<tr>
<td></td>
<td>Interviewee A2, Co-founder, Product Manager</td>
<td>4/5 2019</td>
<td>On Skype in English</td>
<td>64 minutes</td>
</tr>
<tr>
<td></td>
<td>Interviewee A3, Co-founder, Business Lead</td>
<td>7/5 2019</td>
<td>On Skype in English</td>
<td>82 minutes</td>
</tr>
<tr>
<td>B</td>
<td>Interviewee B1, Marketing Manager</td>
<td>8/5 2019</td>
<td>On Skype in English</td>
<td>72 minutes</td>
</tr>
<tr>
<td></td>
<td>Interviewee B2, Co-founder, Business Lead</td>
<td>10/5 2019</td>
<td>On Skype in English</td>
<td>46 minutes</td>
</tr>
<tr>
<td>C</td>
<td>Interviewee C1, Marketing Manager</td>
<td>6/5 2019</td>
<td>On Skype in English</td>
<td>55 minutes</td>
</tr>
<tr>
<td></td>
<td>Interviewee C2, Co-founder, Business Developer</td>
<td>7/5 2019</td>
<td>On Skype in English</td>
<td>71 minutes</td>
</tr>
<tr>
<td>D</td>
<td>Interviewee D1, Marketing Manager</td>
<td>7/5 2019</td>
<td>On Skype in English</td>
<td>59 minutes</td>
</tr>
<tr>
<td>Interviewee</td>
<td>Role</td>
<td>Date</td>
<td>Platform</td>
<td>Duration</td>
</tr>
<tr>
<td>-------------</td>
<td>------</td>
<td>------</td>
<td>----------</td>
<td>----------</td>
</tr>
<tr>
<td>D2</td>
<td>Co-founder, Product Developer</td>
<td>8/5 2019</td>
<td>Skype in English</td>
<td>32 minutes</td>
</tr>
<tr>
<td>D3</td>
<td>Co-founder, Business Developer</td>
<td>9/5 2019</td>
<td>Skype in English</td>
<td>55 minutes</td>
</tr>
<tr>
<td>E1</td>
<td>Marketing Manager</td>
<td>7/5 2019</td>
<td>Zoom in English</td>
<td>50 minutes</td>
</tr>
<tr>
<td>E2</td>
<td>Co-founder, Business Lead</td>
<td>9/5 2019</td>
<td>Zoom in English</td>
<td>48 minutes</td>
</tr>
<tr>
<td>F1</td>
<td>Co-founder, Business Lead</td>
<td>30/4 2019</td>
<td>Skype in English</td>
<td>54 minutes</td>
</tr>
<tr>
<td>F2</td>
<td>Marketing Manager</td>
<td>3/5 2019</td>
<td>Skype in English</td>
<td>29 minutes</td>
</tr>
</tbody>
</table>

3.7 Operationalization
As this study is based on the abductive approach, the results of the pilot field work have been preliminarily studied with the help of existing theories. Jacob and Furgerson (2012) state that it is important to do a well-researched literature review. Specifically, the authors conducted the literature review to gather the existing scholarly knowledge on the topic and used it to build the interview guide. The theoretical framework was used as a base when forming this thesis’ interview questions, assisted in defining relevant questions that enabled the authors to receive relevant information. This process, translating theoretical concepts into questions asked during interviews is defined by Patel and Davidsson (2011) as operationalization. As the abductive approach foresees, the authors have come back both to the theoretical framework and the operationalization along the way of conducting the empirical study.

The interview questions were divided into a few sections to reinforce the structure and logical flow to the interviews. As such, the interviews started with gathering information about the studied companies, their home and foreign markets of operations, the respondents work duties in the decision making for internationalization and foreign market(s) operations. Later on, the interviews moving to questions about decision making for when, where to, and how to internationalize and operate in the foreign market(s). Upon that, the interview continued with the questions about the influence of the factors of foreign market knowledge on decisions about the firm’s internationalization decisions and ways of operating in the foreign market(s). The interview guide with the interviews’ objectives and the interview questions are displayed in Appendix 1.
Meanwhile, the operationalization of the theoretical framework is presented hereby, in Table 2.

**Table 2 - Operationalization of the theoretical framework**

<table>
<thead>
<tr>
<th>Concepts</th>
<th>Authors</th>
<th>Interview questions</th>
<th>Reasoning</th>
</tr>
</thead>
<tbody>
<tr>
<td>Firm’s characteristics</td>
<td>N/A</td>
<td>Part 1 (Questions 1.1.1.-1.1.4.)</td>
<td>This group of questions was asked to obtain the information about the firm’s key characteristics: number of employees, number of customers, business idea, value proposition. These questions are asked to understand the size of the firm, the scope and the added value of their business.</td>
</tr>
<tr>
<td>Characteristics of the markets of operations</td>
<td>N/A</td>
<td>Part 1 (Questions 1.2.1.-1.2.4.)</td>
<td>These questions were asked to get information about the markets the firm is currently operating in: its home market and international markets, as well terms of operations internationally and their main competitive advantage. This group of questions is asked in order to understand the scope of the company’s internationalization and its characteristics.</td>
</tr>
<tr>
<td>Characteristics of the interviewee and decision makers at the firm</td>
<td>N/A</td>
<td>Part 2 (Questions 2.1.-2.6.)</td>
<td>These questions are aimed at gathering information about the job duties of the interviewee and his or her involvement into decision making about internationalization, his or her work experience within the company and in the industry, and other people in the company’s involved into decision making about internationalization.</td>
</tr>
<tr>
<td>Time aspects of internationalization for Born Global</td>
<td>Andersson et al., 2014; Barkema and Vermeulen,</td>
<td>Part 3 (Questions 3.1.-3.3.)</td>
<td>These questions strived to understand the time between the establishment of the</td>
</tr>
<tr>
<td>companies</td>
<td>1998; Freeman et al., 2006; Knight and Cavusgil, 2004; Oviatt and McDougall, 1994; Sepulveda and Gabrielsson, 2013.</td>
<td>company and its internationalization. This helped to identify if the case companies are, in fact, Born Global by definition, or if they would be classified as another type of company.</td>
<td></td>
</tr>
<tr>
<td>Geographical aspects of internationalization</td>
<td>Andersson et al., 2014; Sepulveda and Gabrielsson, 2013; Williams and Grégoire, 2015.</td>
<td>Part 3 (Question 3.4.) The question about the foreign market(s) the company has entered and operates in. It helps to understand the scope and the reasons why the companies have entered these markets.</td>
<td></td>
</tr>
<tr>
<td>Internationalization process</td>
<td>Axinn and MatthysSENS, 2002; Coviello and McAuley, 1999; Johanson and Vahlne, 1977; Knight and Liesch, 2016; Ruzzier et al., 2006; Sandberg, 2012; Williams and Grégoire, 2015.</td>
<td>Part 3 (Questions 3.5.-3.6., 3.8.), Part 4 (Question 4.1.) These questions were asked to understand how and why the companies make decisions about when, where to, and how to internationalize and operate in the foreign market(s). Furthermore, the authors also wanted to see how the process of choice and implementation of entry strategy is carried out.</td>
<td></td>
</tr>
<tr>
<td>Entry mode</td>
<td>Anderson and Gatignon, 1986; Giachetti et al., 2018; Hollensen et al., 2011; Johnson and Tellis, 2008; Pan and Tse, 2000; Rhee and Cheng, 2002; Williams and Gregoire, 2015.</td>
<td>Part 3 (Question 3.7.) This question relates to the way the case companies operate in new markets. The reason for it being asked is for the authors to identify how much commitment they take on in the market entries, to see what kind of legal form they operate under and lastly, to what kind of strategic alliances they make use of.</td>
<td></td>
</tr>
<tr>
<td>Sources of market knowledge</td>
<td>Brennan and Garvey, 2009; Bruneel et al., 2010; Fletcher and Harris 2012; Forsgren, 2002;</td>
<td>Part 4 (Question 4.2.) This question is aimed to get the information about the sources the company gets the foreign market information from in order to help the research to understand how</td>
<td></td>
</tr>
<tr>
<td><strong>Foreign market knowledge</strong></td>
<td>Benito and Gripsrud, 1992; Dunning, 1988; Johanson and Vahlne, 1977; Luo and Peng, 1999; Petersen and Pedersen, 1997, cited in Rhee and Cheng, 2002; Rhee and Cheng, 2002; Williams and Grégoire, 2015.</td>
<td>Part 4 (Questions 4.3.-4.4.)</td>
<td>These questions were asked to understand how much market knowledge companies have before market entry, and how they acquire it. Furthermore, the questions helped the authors to establish to what extent the companies use local resources and networks to gain market knowledge. Additionally, these questions strive to identify what specific factors are considered when choosing new markets to operate in and how they operate in such market, and how these factors influence the company’s internationalization and operation in the foreign market(s).</td>
</tr>
</tbody>
</table>

### 3.8 Method of data analysis

Data analysis, according to Merriam and Tisdell (2016), is the process when a researcher finds out the meaning from the collected data, which involves integration, reduction, and explanation of the people’s opinions, as well as the researcher’s observation. Therefore, this can also be described as a meaning-making process. In this complicated procedure, the researcher needs to answer the research questions by moving back and forth between findings and concepts, which leads to conclusions later on (Ibid.).

Furthermore, Flick (2014, p.5) defines the data analysis process as “the classification and interpretation of linguistic (or visual) material to make statements about implicit and explicit dimensions and structures of meaning-making in the material and what is represented in it”. Denscombe (2014) writes that the goal of any data analysis is to gain a better understanding of the studied phenomenon; and, in accordance with the research approach, the analysis may aim at describing the components of the phenomenon, or at explaining how it works, or at its interpretation.
The data analysis for this thesis has begun at the same time as the data collection started, as it is found to be crucial for qualitative research, in order to have a progressive focus on data, analysis as well as the conclusion (Coffey and Atkinson, 1996; Merriam and Tisdell, 2016). This has allowed the authors of this study to improve the process. Particularly, the researchers had progressively optimized the way how they formulated the interview questions and added questions about new aspects that had been brought up by previous interviewee(s). When a drastic change or new aspects have been added after the interview, the authors send out follow up emails to the respondent to ensure the integrity of the data set.

This thesis has used a cross-case synthesis as its analytical technique, which is applicable for analysis in multiple case study (Yin, 2014). In line with this data analysis method, the analysis of data was conducted with the help of the preparation of the predefined groupings before the conduction of the field work. The predefined categories, defined in the operationalization, were used in the analysis to explore if the six cases replicate a type of a general case in their internationalization process, and specifically the role of market knowledge in it, or whether they are different and, thus, represent contrasting cases. All the collected empirical findings were later categorized in word tables according to the single characteristics, as the cross-case synthesis foresees (Yin, 2014). With the help of such categorized findings, the authors were able to analyze the different cases and see whether some of them share similar characteristics and can be regarded as instances or replications of some sort of general case, or if the cases are meaningfully different and can be studied as contrasting cases (Ibid.). The overarching goal of the data analysis was to explore whether the different cases in the findings have some commonalities and differences (Ghauri and Gronhaug, 2010).

3.9 Quality of the findings
The quality of the qualitative business research is assessed through the trustworthiness and authenticity of the findings, which is established by four criteria: credibility, transferability, confirmability, and dependability (Bryman and Bell, 2015).

3.9.1 Credibility
Credibility comprises how accurate and trustworthy the data is, and it refers to internal validity (Bryman and Bell, 2015; Shenton, 2004). To respect this criterion, this study has used a method of respondent validation to ensure research credibility. Particularly, the findings were presented to the interviewed people so that they could confirm or discredit the precision of the correctness of the data (Ibid.).

3.9.2 Transferability
A high level of transferability of data is achieved when the research can be applied in another context or in a different time frame, or if it can be generalized (Bryman and Bell, 2015; Shenton, 2004). It also refers to external validity (Shenton, 2004). Due to the multiple-case research design of this study and collection of empirical findings by semi-structured interviews with purposively selected interviewees, its findings might not be transferred to other contexts and points of time.

3.9.3 Confirmability
Confirmability measures the objectiveness of the research and addresses that the researcher’s values do not influence the findings (Bryman and Bell, 2015; Shenton, 2004). This criterion has been accounted for in this research with the help of the external auditors’ - a tutor and an examiner - input and guidance.
3.9.4 Dependability
The dependability variable foresees that the complete records of all stages of the research process are kept (Bryman and Bell, 2015). Therefore, to ensure dependability of this research, all records of all research steps (including, records from the process of selection of interviewees, transcripts of interviews, data analysis, etc.) are kept in an accessible manner; as well as, the research process has been guided and supervised by two independent and trustworthy external auditors: the tutor and the examiner.

3.10 Quality of the research
The research findings shall be valid and reliable (Bryman and Bell, 2015). According to Yin (2014), validity and reliability are the setting stones of scientific authentication.

3.10.1 Validity
Validity refers to “the integrity of the conclusions that are generated from a piece of research” (Bryman and Bell, 2015, p.50). Denscombe (2014) finds it challenging to ensure validity in qualitative studies, as it addresses different perceptions of reality, and there are limited ways to verify the respondent’s ideas or perceptions. However, there are also methods to overcome this obstacle.

As such, this research has undertaken a few measures to enhance its validity. First, all three authors of this study were actively participating in the data collection, and they have been equally responsible for the analysis of empirical findings. The latter involved numerous interpretations of data and having had three individuals working on it together has assured research integrity. Second, the researchers have sent the transcribed interviews back to the respondents to get their confirmation that the gathered material is valid. Thirdly, the suitable methods have been used for the analysis, which allowed the researchers to do a careful and considerate study. To reinforce this, the study has used triangulation of data to increase the validity of the research, as triangulation allowed to study the phenomena from multiple perspectives.

3.10.2 Reliability
The reliability of a study conveys the replicability and applicability of the findings (Bryman and Bell, 2015). If the research outcomes can be repeated if the research would be led by another researcher with the same theories and method, they can be considered as reliable (Denscombe, 2014). Since social contexts and situations are hard to reproduce, the study has used multiple sources of data, which allowed the gathering of comprehensive and saturated data; therefore, no important information was left out.

Therefore, the authors have applied measures to safeguard the reliability of this research. Specifically, to increase the reliability of this study, the researchers have motivated and explained each choice they have made in this thesis: the choice of the topic and research questions, selection of the companies, all concepts, and theories, as well as methods. Additionally, this study has used multiple sources of data, which allowed the gathering of comprehensive and saturated data; therefore, no important information was left out.

3.11 Ethical research
The case research design of this study aimed at conducting in-depth interviews that would bring interviewee’s insights, personal views, and judgments to light. The topic of
choice of entry market strategies and the mode was sensitive for the companies. Thus, this research has assured integrating the four principles of ethical research, defined by Bryman and Bell (2015). Their accommodation is discussed below.

3.11.1 No invasion of privacy
The ethical study shall not invade the privacy and values of the respondents (Bryman and Bell, 2015). Therefore, the interview guide for this research has been carefully prepared and not included any personal questions. All the questions were formulated to capture the company’s thinking behind taking decisions regarding when, where to, and how to internationalize and operate in the foreign market(s) and did not require any personal value reasoning. The interviewees also were informed that they were free to decide not to answer on any question or end the interview at any point.

3.11.2 No deception
Deception is misleading the research participants to believe that the research is “something other than what it is” (Bryman and Bell, 2015, p.136). To not deceive the interviewees in this study, the topic, goal, scope, and timeframe of the project were written in the initial email invitation for an interview, as well as were described in greater detail at the beginning of each interview.

3.11.3 No harm to participants
Harm to participants can be both emotional and physical, and ethical research shall reduce or eliminate such risks (Bryman and Bell, 2015). To accommodate this principle for this study, all of the interviewees were informed that the thesis would be published online; therefore, before the interview, each respondent was asked whether they would like to stay anonymous. All the interviewees decided to stay anonymous both at the individual, as well as at the company level. Although this might restrain the scope of reliability of the findings, it remains balanced due to the fact that the respondents allowed to include their job duties described in this thesis, as well as a short and not too detailed narration of companies’ business operations.

3.11.4 Informed consent
According to Bryman and Bell (2015), the fourth jeopardy of the unethical study lies in the lack of informed consent that takes place when an interviewee has not been accurately and correctly instructed about the interview techniques (e.g., recordings or observations). Accordingly, in this research, the interviews were recorded after the respondent’s consent, and the recordings were solemnly used for transcription of the gathered empirical finding and its later presentation in the findings of the thesis.

3.12 Individual contribution of the authors
All three authors have equally contributed with their time and work intensity at all stages of the research fieldwork, as well as the writing of this thesis. While all three the researchers were involved in each process, there was one main responsible person for each specific task. As such, the preparation for the fieldwork was led by Chenyu Huang: she was responsible for the conduction of the pilot study and development of the preliminary synthesized conceptual framework. Chenyu Huang has also been the major responsible for the adaptation of the conceptual framework according to the empirical findings. The next important process in the research - the search, contact and follow up with the companies was managed by Simon Olsson. Moreover, Simon stayed in touch with the companies and has verified the findings with them. Lastly, the development of the methodological approaches was administered by Viktoria Gnatenko. Besides,
Viktoria was responsible for collecting the information from other sources, and all the handling work related to it.

When it comes to the thesis writing process, all three authors have contributed in an equal share to it. Based on the major responsibilities in the conduction of the field work, Chenyu has supervised the theoretical framework part, Simon led the processing of the findings, and Viktoria was responsible for the methodological approach. All decision making, as well as the analytical work, which resulted in the analysis and conclusion chapters of this thesis, has been carried out by all three authors working together in an equal share.
4 Findings
The following chapter presents the empirical findings gathered in this research. Specifically, it focuses on the processes that companies go through in internationalization and operations in foreign markets, and the decision making behind it; companies’ acquirement of the market knowledge, and how the factors of foreign market knowledge influence companies’ decisions about when, where to, and how to internationalize and operate in the foreign market(s).

4.1 Processes of internationalization and operations in foreign markets, and the decision making behind it
4.1.1 Case A
Explaining Company A’s process of entering foreign markets, A3, Co-founder and Business Lead in the company, said: “Penetration is a scale-up thing”. A3 reported that Company A usually starts with a specific company, then, Company A finds a third company to introduce them to many specific companies.

Reflecting on the previous market entries of Company A, A1 said that Company A had signed its first international contract a week after receiving its investment capital. In this way, Company A has started working with an Asian company, as “it is a perfect fit for the technology, financially and structurally”.

Furthermore, Co-founder and Product Manager A2 has explained that market revenue and the maturity of the market are important to consider when choosing where to go. Looking into the maturity of each market of interest means that the company checks whether there are partnerships of interest: whether the technology (AI) the company develops is needed for their customers’ products. A2 summed up that they have considered the US and East Asia mature markets for their product, for example, American security cameras have the AI in their product; while East Asia has many display producers.

A1 has informed that Company A has entered Taiwan, China, Japan, and the US since those markets were chosen by the prospects of the market revenues and the maturity of the markets.

The last big entered market happened last year, in 2018, and it was Taiwan. A2 explained in detail what the process of entering looked like. First, Company A went there to talk to the companies, and their executives: “We go and talk and then see if we need it. Introductions are very important”. In this case, Company A got a smaller company as its customers. A2 summarized that this strategy speeds up the process of internationalization but has less value than working with large clients.

A3 has summarized that there are three major factors Company A considers for deciding whether to enter or not the market, and they are: market revenue, maturity, and risks.

As for the differences between types of international operations, A2 stated that: “It is different between doing business internationally and setting up a local office there”. He explained that while Company A is interested in having customers in different countries, it does not mean that Company A has an interest in a strong presence locally. A2 asks rhetorically: “But why do we need it? We can still serve the customers without local
presence”. He later adds that when 90% of some company’s users are coming from one geographical place, then it is beneficial to have an office there. Similarly, A3 has added that in general, it would be beneficial for Company A to have local knowledge and cultural knowledge of the business, and for that reason, they would need individuals who speak the local language. The reason for not having it on the agenda for Company A, A3 said: “At this stage, we do not have resources and staff”. He further added that when their international expansion brings a certain level of turnover, they will start thinking about establishing secondary and third offices in countries.

4.1.2 Case B

Interviewee B1, who is the Marketing Manager in Company B, has explained that finding customers for their products is a challenge both in the internal (Canadian) as well as in international markets. The reason for that is the nature of the product the company has – the product is technology. Therefore, when Company B has started to look for the clients, it has primarily looked for what companies could manufacture their product. It was natural, according to B1, that those companies who could manufacture their technology, were in Asia. Therefore, Company B has started having conversations with Asian (mostly East Asian) companies. Later on, worldwide customers have been added too: the EU and the US. However, B1 has also noticed that Company B has never focused on a single market(s), but rather has held conversations with different companies in different markets. Another interesting point B1 has mentioned is that due to different reasons, Company B has changed its market focus a few times, and as of the moment it is the US market since they recently have hired a CEO based in Texas, who has networks in California and Texas. Therefore, they are focusing on the development of the customers in that area.

Respondent B2 stated that in their internationalization, Company B is trying to develop partnerships with big businesses. It took a company one year after their incubation to sign their first contract with a German client who they met half a year before that at the International Consumer Electronics Show.

To develop other markets, B2 has narrated that their Business Development team traveled to Taiwan and China to understand the market: both to find physical facilities needed, as well as to learn the local business regulations. According to B2, because Company B is small, they need to rely on the existing facilities, and they will consider having their facilities when they grow.

When asked about the process of decision making about entering new markets, Company B has explained that when making the strategy, Company B, first, considers the nature of their technology; second, they need to understand the type of application (medical, factory, automation, etc.); third, they evaluate if it fits their technology, as they need to make sure their product works and does so efficiently.

4.1.3 Case C

As informed by the Marketing Manager C1, there is no real strategy that Company C is using when entering new markets. Specifically, he said: “We do not think about entering the country in this way. We just look for companies that fit their needs, and it happens that those companies are in a certain country.” Having reflected on this matter for a few minutes, C1 added that he might be able to say their strategy of entering new markets lies in scaling up by having local representatives. Company C starts with having one to two people who work for them and know the local culture and language
of the market of interest. These people travel throughout the entire region. There, through Googling or other recommendations, they are searching for prospective customers. Afterward, they are looking if there is someone to introduce them to the companies: it can happen through networks or Canadian governmental services that can make introductions. After the introduction, the team starts conversations with the companies, and it is then that the Company C can set a dedicated Sales or Support staff member, who would be local and would know the local culture and language.

C1 has further explained that the Company C cannot have physical space in a certain market until “it is mature”, which means that they will not dedicate to having an office in a certain market until they have significant sources coming from that place.

When it comes to the choice of the partners and customers, C2, Co-founder and Business Developer, has communicated: “Small tech companies are not picky. If the company has money, we do not look at the country [it is located in]- we pursue the business. Just give us the money”. He explained that Company C talks to everyone simultaneously and tests different markets simultaneously. One of the most common ways to find the customers is through going to the trade shows and meeting the prospective partners and customers there. Companies from different countries are presented there, and Company C talks to all of them. In this process, according to C2, Company C rarely thinks about the country the company of interest is from, and therefore, it does not impact the decision whether to work with that firm or not. Alternatively, Company C “just thinks if our companies can be useful for each other”.

According to C1, the internationalization process of Company C is shaped by two major facts. First, the Company’s C product is technology; therefore, it cannot be sold to anyone. Their customers need to produce a product that can enable the use of the Company’s C product. Second, Company’s C home market (Canada) is very small for this field: there are very few companies working with similar technologies, as the economy is resource based; therefore, the firm needs to work with international partners.

The first international customer was based in the USA. C2 explains that Company C up until now mostly works with American companies, probably due to similarities of cultures and abundance of economic tights. Company C got its first international customer three months after launching. They went to a trade show, where they met international companies. According to the same interviewee, the most recent market entry was China.

4.1.4 Case D

According to D2, Co-founder and Product Developer, from the very beginning, the business for Company D was international, as there were no partners and customers in Canada, the home market. The company was established in May 2016, and they got the first paying customer in November 2016. The first customer was a big audio company in California.

Marketing Manager D1 has opened the interview with informing that primary business development and reach out is based on the location of big MNCs, who are the customers for Company D. Those markets are: the West Coast of the US, Korea, Japan, the EU.
Similarly, D1 has noted that for the technological SMEs, only innovative and relationship marketing work.

When reflecting on the Company D’s choices of types of foreign presence, Co-founder and Business Developer D3 said that setting up offices abroad is still too expensive for the Company D. He explained that they do not have resources to hire abroad. Company D has recently hired an American CEO to help with sales in the USA. However, as for the other markets, the Montreal based team has to travel every second week. D3 told that once a certain turnover on the specific market is reached, Company D would set up sales offices. The advantages of having local offices for Company D would include a decrease in traveling, would speed up the sales and would make it more productive. Besides, it would allow being closer to their main clients, as “it would make sense if you need meetings every day, be there to reassure that they are not so far and they can tap on their shoulder”.

After a certain consideration, D3 added that as soon as they earn USD 10 000 000 at one market, they would hire two to three local tech salespeople to support the relationship with the local clients. Later on, the interviewee explained that Company D would start its international presence expansion with hiring a consult paid by the hour; the next step would be to hire the consultant under the company’s name; and only then perhaps moving to establish a legal presence. However, D3, later on, added that the establishment of legal presence is “undecided” for Company D, as there are implications of having a legal presence, such as paying taxes, etc., and D3 was “not sure if that is appealing”.

4.1.5 Case E
E1, Marketing Manager, has started the interview by informing the first customer Company E got was the National bank of Greece. This was partially because two Co-founders of the company are Greek.

Co-founder and Business Lead E2 has confirmed this latter statement, and concluded that expansion to Greece was “of natural choice”. He said that there is a difference when you’re engaging with people on the ground, versus talking over the phone. E2 has summed up that he believes that the company needs to have a local presence or be able to travel around for the internationalization expansion, otherwise it is very hard to convince people.

E1 has added that it’s very important to have local resources, which can be of some sort of customer service or sales department, depending on the market size. He provided an example of California, which is a rapidly growing market for Company E; therefore, the company is at the moment considering what type of presence they can establish there to shorten the traveling effort, which is an evident need.

Reflecting further on the important steps of internationalization, E1 has said that other than presences, it is very important to get the right introduction. Company E finds it very useful for getting the network through investors. It works in a way that investors from a specific market who are very interested in what Company E is doing, do some of the introductions to them.

Later on, E1 has continued to explain that the very first thing Company E considers before entering the new foreign market or not, is the scope of opportunity. He defined it
as the number of opportunities within a particular geography. After assumptions, Company E tests the hypothesis that this market is the right market for them to enter through the reference deployment to be able to figure this out. E1 continues that the other point they consider is the distance between time difference. Based on these two figures, Company E figures out the practicalities: whether they can support that business relationship remotely or whether they shall get an actual person working on the ground.

4.1.6 Case F
Marketing Manager F2 has informed that for Company F, there are two major drivers of international development: time and money. It is important for the company to find new business opportunities as soon as possible, as otherwise, they lose money. That is why, according to F2, Company F expands everywhere so that “someone would pay attention to us, otherwise we are thrown out of the business”.

According to F1, Co-founder and Business Lead, Company F, just as many another tech SMEs, expands mostly because of the business relationships. For this type of company, the first natural focus is the EU and the USA (New York and Los Angeles); later it is Hong Kong or Singapore. F1 thinks that the reason for that is that there are hubs of innovative people and business relationships in those places, which helps business development.

According to F2, the primary international markets of interest for Company F were the US and Hong Kong, for the reason of having the target customer companies and speaking English in the former, and due to closeness to the local resources in the latter one. After having entered these markets, Company F has then targeted the whole world: mostly the markets where the potential clients were located. This brought Company F to South America, North America, Japan, Korea, and the European countries. According to F1, the most successful foreign market entry so far was the USA, due to their big customer who has a few companies all over the USA, therefore. Summing up the factors of success in international markets, F2 summarized that almost all of it depends on partners and clients.

According to F1, Company F has not had local agents in the USA. Instead, one of their partners has had connections to “people, suppliers and customers”, and that partner connected Company F to everyone in the USA. A similar pattern has happened in Korea: a very passionate about the product customer company has known other companies. Summarizing this, F1 has informed that in both countries these local resources were informal, meaning that Company F has neither hired these local people nor paid them.

4.2 Obtaining foreign market knowledge for decisions about internationalization and operations in foreign markets
Both Company A and Company B went to their interested market to collect first-hand market knowledge. Co-founder and Business Lead B2 described: “We travel to China and Taiwan to feel out the market”. During the trip to Beijing, Co-founder and Business Lead A3 found out: “There are a lot of Chinese automotive innovators and there is a mass of demand, plus it is R&D demand. That's why Company A is to work with East Asian display companies from Taiwan and Japan.”

Besides, Company A and Company C mentioned the Canadian government offers help to SMEs, which includes helping them to find local connections so that they can have a better understanding of the target market.
All the companies, besides from Company A, indicate their interests in having local partners. They can be very trustworthy market knowledge sources and working with them makes it possible for the foreign SMEs to experience the markets themselves with lower risks and costs.

The CEO hired by Company D helps to gather such information as well. When they need more market knowledge for a specific market, he would ask about it or ask for contact information for someone who has experience in the market in his network.

4.3 Foreign market knowledge determinants influencing the internationalization and operations in foreign markets

4.3.1 Perceived economic opportunities

The Co-founder and Product Manager of Company A - A2, explained that they follow the opportunities when choosing which market to enter, in which opportunities means economic opportunity within. He later explained that the US and China are the two largest markets in terms of customer revenue and investment. However, the potential is not enough to run the business. Sustainable growth is what matters for the company. They will lower the priority for a market if it is not profitable, even if there are great opportunities there.

Marketing Manager B1 stressed the importance of economic opportunities, if the company willing to do business and has the money, then the location is not important at all. They are focusing on prosperous countries for better economic opportunities. However, understanding what type of application their customer will apply the sensor on is important too, because “we need to make sure the sensor works and works efficiently on the application.” Otherwise, it can damage their reputation and further influence the economic opportunities in the future.

After entering the US market, which is the most similar one to their home market, Company C started the market entry process to East Asian, where major telecom companies are located in, starting with China. C2, Co-founder and Business Developer, explained that: “we don’t aim for a country then start to find clients within. Instead, we look for companies by searching on Google or referral in our networks that fit their needs, and it happens in a country.”

Company D chose to enter Europe, specifically Germany and Denmark because several potential customers are brands with a long history and a great reputation. Even the companies there do not have an open mindset for working with new tech companies and prefer to do researches in house, Co-founder and Business Developer D3 still consider it is worthy to going in because of the economic opportunity within.

Marketing Manager E1 emphasized the importance of opportunity by saying: “The first thing we consider is the scope of opportunity. With this particular geography, how many opportunities do we see when we are trying to expand.”

For Company F, they targeted the US and UK in the beginning because lots of prestigious companies are located in those two countries, which means more potential economic opportunities. Later, when they have more resources and money, they started to open to all the businesses in the world.
4.3.2 Local networks
When Company A was first interested in the Taiwanese market, they went there and had conversations with the local companies and executives, to explore the market as well as establish primary networks. Other than the networks they developed themselves, they also have networks as an added value on two levels: their incubator which has substantial international exposure, and the government which put a lot of resources introducing them to investors and customers. When they have made their name in the industry, there are also trade commissioners interested in them around the world.

In the beginning, Eastern Asian is just where Company B looking for manufacturing facilities, however, in the searching and relationship building process, the local network is established, and China became one of the desire markets for them. To take a step further, Company B traveled to Taiwan and China to visit some of the potential clients. By doing this, they can get to know more about them and start friendly relationships with them. As a company that produces the component, Company B has a unique way to develop local networks, Marketing Manager B1 explained: “we do this step by step and grow slowly. First, we sell the component to the sensor module maker, build relationships with them, then we take the relationships to a new market. Because the concept of the product is very new, the process can be different from a company that has mature products.” When asking about if the country matters for them, B1 gave a negative answer and added: “what matters is the relationship: it is important to know the company and its background, have contacts with the company, know some people or have some relationships beforehand. If not, they would like to take it slow and learn about the company, build the relationship, try to see if it would work.” Also, Company B hired a CEO based in Texas, so there are more networks he brought in, mainly Texas and California to be utilized for the business.

As a way to meet potential customers, local networks are vital to Company C. They also mentioned networking through the Canadian government.

Company D hired an American CEO for the same purpose: “He lives in Boston where there are a lot of audio companies.” Also, the CEO helps to build connections in other places when needed. They will first check their networks and contact them on LinkedIn to set up meetings.

The first market Company E entered was Greece – where the two Co-founders are from and have some established networks, partnership, and potential clients. Marketing Manager E1 added: “So, for us, it is an expansion of nature theme.” But for other markets, they would like to have a local partner who has more knowledge about the market and who could bring more local networks into the business.

After Company F moved the headquarter to an incubator in Hong Kong, they immediately got an office, got connected to local resources and able to hire people to work for the Asian market. With the work of this international marketing and sales team, they got more business opportunities and attended lots of trade shows in the industry. For the next office, they planned to have it in an area where has more companies within the same sector to have more networks or closer to their clients.
4.3.3 Political situation

Company A, B, and C all mentioned political situation is a minor concern because their industry barely influenced by politics. Besides, Company B said as long as they are open to international business, they would not be worried too much about it.

Company D has a different view on the political situation and think it is very important. “There are a lot of risks in unstable government, and we do have to take a lot of things into account.” For example, because of the trade war between China and America, they need to be careful when sourcing raw materials like aluminum. Also, D1, Marketing Manager, expressed their worries about establishing a local presence in China because the company is owned by the government. However, he changed his mind later saying: “Maybe it is more important to set up a presence in the risky countries and have somebody where we feel a bit more insecure. And it is more secure in the Western market.”

The political situation is a more considerate topic for Company E. Co-founder and Business Lead E2 explained different attitudes the company has under two different circumstances. When the opportunity in the country which has an unstable political situation does not require any investment, customized solution, or local resources they need to acquire, they would still take the opportunity. However, when considering having a local presence, political stability would become a big part in their consideration process, because political instability will compromise the potential market opportunity in the long run. “It is not desirable for us that resources used when setting up some presences in the country end up being unproductive,” E2 added.

4.3.4 Legal regulations

A3, Co-founder and Business Lead of Company A, pointed out that legal regulation is not very important when working with local companies; what matters for them is the internal regulation of client’s companies. However, when considering operating in the market by themselves, it would be different: “Legal regulations always differ from one and another.” A3 explained. Dealing with all the regulations in different countries takes extra time and resources, which is not desirable for the company. This is one of the reasons Company A is not interested in established local offices at the moment.

In the trip to China and Taiwan, Company B tried to gain first-hand information about the regulation. Similarly, B2 also pointed out that regulation in the client’s company is more important than local regulation.

Company C considers legal regulation on another angle: “local laws regarding imported technology are what we pay close attention to, we need to make sure our property is protected by that country’s constitution.” As for doing business, as long as there are no concerns in export law and duties, there is no problem. For the countries who have special economic zones and beneficial policy, they would put the priority for establishing subsidiary higher in their list.

Company D’s technology was very close to get stolen when having a conversation with some Asian players, specifically in China. Fortunately, they realized that soon enough and figured out a solution with giving and getting to use later on to prevent potential loss.
For Company E, whose product deals with user’s sensitive data, their most significant markets are European countries because of the General Data Protection Regulation and California because of the California Data Privacy Protection Act. But at the same time, there would be more regulations they need to be compliant with, so it would be helpful to find someone who knows more about the regulations.

When pursuing a partnership in China, Company F struggled to set up their office in mainland China as a foreign company. But after doing some research, they found out in China, and the Middle East as well, a foreign company needs to find a local company to establish a joint venture to operate in the market. However, they fail to find one in the market, so they moved the headquarter to Hong Kong, where acts as a bridge to mainland China.

4.3.5 Culture
A1 mentioned that local knowledge, especially cultural understanding of the business, is fundamental. Co-founder and Product Manager A2 added that for that reason, the first market entry they did was to the US, who has a similar cultural background with Canada.

For Company B, the country doesn’t matter, what matters is the relationship: know the company and its background - have contacts with the company, know some people or have some relationships beforehand.

Co-founder and Business Developer C2 also expressed the intention to hire local staff who has the knowledge to do business in the country: “We would love to hire local people who know the language to work for us and travel around the region, but only when the business in there is mature.”

Likewise, the American market is the first destination for Company D as well. Because of the similar cultural background, Co-founder and Business Developer D3 said: “It doesn't feel like an international business to us.” About the stealing situation Company D been in in the Asian market, Marketing Manager D1 said: “Stealing is more common in some cultures than others.” On the other hand, “European companies have the mindset that all research is done in house. it is in their culture to do so.” To adapt to the local business culture, Company D would establish a sales office and hire local people to maintain and looking for more business relationships when a certain turnover is reached in a market.

Company E considers global mindset as the second important criterion when looking into new markets. When the market is very traditional, it is essential to find a way of breaking into the market and performing business with all the existed resistance.

Marketing Manager F2 mentioned that culture is a significant factor: “Culture is different in sales and distribution with suppliers all over the world.” However, according to his experience, not all SMEs go to culturally close markets; it depends on the product or service they offer. It is also a way out for the SMEs that first go to markets with a similar culture, but still, carry out researches on the potential foreign market after they have more information and resources, so they can develop more customized products or services dedicated to a specific market.
4.3.6 Language
As mentioned in 4.3.5., Company A and C take local knowledge very seriously, therefore would want to have individuals who speak local languages work for them in the process. Starting the internationalization process with the US, Company A didn’t have any language barrier. For Company C who engaged with people from several countries, they are still not worried about it because most of the people speak English. Otherwise, they can hire translators whenever they needed. Company B also mentioned that language is not very important because all the clients they have now spoken English, even if there is someone who is not good at oral English, they can always find a way out, for example, they can communicate with emails to decrease the barrier. Therefore, they are open to all the opportunities.

D2, Co-founder and Business Developer of Company D, said he “actually suffered a lot from it.” Luckily for them, they have a diverse team, including Chinese and Japanese speakers. But what is more important is the language of the culture and how to use that language to do business in that cultural background.

Company E values local employees and considers it very necessary to have a local customer service or sales department to have a more efficient and culturally tailored conversation with clients, partners, and potential clients. They do not think the language would be a considerable barrier, especially when the economic opportunity is awe-inspiring, they can have a local presence if necessary as well. However, it would then be imperative to make sure verify both parties have a common understanding of their operations.

With extensive international experience, Company F still considers language as a barrier. However, it is rather easy to overcome by hiring translators or local staff. Even though the barrier exists, the company still manages them and get benefits from the market.
5 Analysis

This chapter is focused on the analysis of the empirical findings. Particularly, the findings are compared to and contracted to the presented theories in Chapter 2. The goal of this analysis is to find similarities and distinguish differences between the findings and theories, in order to answer the research questions and to fulfill the purpose of this study.

5.1 Processes of internationalization and operations in foreign markets, and the decision making behind it

5.1.1 Time aspects of internationalization

This study has shown that decision making of B2B Born Global SMEs about internationalization and operations in the foreign market(s) is an effortful and complex process, and there are three major questions the company willing to expand beyond its home market borders needs to answer. These questions, in line with the scholarly literature, are: when, where and how to internationalize (Williams and Grégoire, 2015).

The first question concerns the time aspect of internationalization. The studied in this thesis companies have expanded to the foreign markets in a time frame from one week to one year after their establishment. Specifically, Company A signed its first international contract one week after the establishment, Company B – after one year, Company C – in three months, Company D – in five months, Company E – in one year, Company F – in six months. As this study has primarily been focused on the Born Global companies, and specifically the ones that internationalized in the time frame of up to three years after the establishment, the findings of this research are in line with scholarly conceptualization of this type of companies, which are involved in international business activities from its beginning of existence (Andersson et al., 2014; Knight and Cavusgil, 2004, p.124-125).

Besides, the research illustrated that the speed of internationalization is a crucial factor for the success of the whole enterprise, as perceived by the studied companies. In line with the scholarly literature, this study supports that getting foreign revenues is appealing for Born Global SMEs (Andersson et al., 2014). Most of the companies have explained that it is important for them to find new business opportunities as soon as possible, as otherwise they lose money. There are a few reasons for this. The first reason found in this study, is the nature of the product the studied firms have. The product that the companies in this study develop is the technology or a component of the product. Thus, the companies cannot sell their product to the end users, but instead need to have partners and B2B customers, who would use the product of the companies in focus for development and production of their own product. However, in their search for the partners and customers, the firms in this study see that there are not enough business opportunities in the home market: both in terms of the availability of business partnerships and B2B customers. This is the effect of the type of industry (i.e. deep tech) the companies in focus are operating in. All companies in this study mentioned that the “natural” partners for their industry are in Asia, the US and the EU. Therefore, the opportunities to have revenues in the local markets are limited, and if the companies hesitate with internationalization, they are just losing money and the competitive advantage.
5.1.2 Geographical aspects of internationalization

The next important question to solve for the companies aiming at international expansion is to find where to expand (Williams and Grégoire, 2015). All companies studied in this thesis explained that their choice of markets for expansion is opportunistic, which means that the companies “follow the opportunities”. For all studied companies without exception, the opportunities, first, mean the economic possibilities, revenues and “money” in broad sense. The companies have primarily focused on the largest and most economically profitable markets in terms of the customer revenue and investment for their industry. The matter of money is the uniting factor for all the interviews will all six companies, and as admitted by the Marketing Manager - F2, the companies expand everywhere to have “someone […] pay attention at us, otherwise, we are thrown out of the business”. Hand in hand with this factor, the majority of the companies in this study acknowledged that they also consider the risks associated with the entry of a certain foreign market entry. The result of this study is in line with the scholarly understanding of Born Global companies that are prescribed to choose markets for the opportunities available there for their businesses (Andersson et al., 2014).

The research has also found that the studied companies are not particularly critical in the choice of the geographical markets to enter. As noticed by C1 - the Marketing Manager, the companies in focus are not picky, and if the customer company has money, the firms do not look at the country of origin, but rather pursue the business. “Just give us the money”, C1 added finishing his thought. This is similar to other companies in this study that do not really think about the countries in the first place but look at the companies that fit their needs. This factor has been acknowledged by all studied companies and was named by them as the maturity of the foreign market of interest. A2, Co-founder and Product Manager of Company A, explained that market maturity means that there are many partners and customers for their type of product. Thus, finding the right partner or customer for the product or technology is the utmost important task for the studied companies. The interviewee B2, as the Co-founder and Business Lead, has explained that the market per se does not matter, but the relationships with the partner do. Accordingly, it is found to be important to know the background of the company, have contacts with them, understand the type of partners’ product or application, and evaluate if their products fit well each other. As summarized by the Marketing Manager A1, the partnerships are meant to be “a perfect fit for the technology, financially and structurally”. When prospecting for new partners and customers, the studied companies rarely think about the country of origin of their vis-à-vis. Instead, as explained by the Marketing Manager C1, firms “just think if our companies can be useful for each other”. Similarly, the existing research supports the results of the study of Andersson et al. (2014), summarize that the Born Global companies primarily enter the markets, in which they have stronger networks.

The other common factor was that the studied companies have chosen markets to expand based on the availability of the connections in the market. For example, the first international market for Company E was the country that one founder was from and had business networks in. Another example is Company D that found the partners at the technological fair and entered the markets after establishing such connections. In contrast with other companies, Company C has mentioned the importance of similarities of cultures for some of their market expansion decisions (e.g., the US). Additionally, Company F has also noticed that the language spoken on the markets was a concern to them, and the first market expansion the company has done was to English speaking
markets of the US and Hong Kong. Company F has also mentioned the importance of closeness to the local resources for entries into the US market.

Lastly, another interesting behavior describes the opportunistic vision of internationalization for the companies in this study. Most of the companies have acknowledged that they talk to various companies from different markets simultaneously. Besides, some companies (e.g., Company C and Company B) even start testing different markets at the same time. Due to this reason, some companies (e.g., Company B) have changed their market focus a few times, which lead to back up of their internationalization at one market and full deployment on another market.

5.1.3 Implementation of the internationalization

The third point the companies need to consider when expanding beyond the home market is the question of how to do it (Williams and Grégoire, 2015). This study has found that the researched companies have similar thinking behind the steps the companies undertake in their internationalization effort. Summarized, this process consists of four levels. First, the companies have one or few dedicated core team members exploring the foreign market of interest. Due to the size of the companies in focus and limit of resources, SMEs need to rely on the existing facilities. These findings are supported by existing scholarly literature (Sepulveda and Gabrielsson, 2013).

In this step, one of the team members collects the knowledge about the market, including the present opportunities, prospect partners and other pieces of the market knowledge. One of the most important tasks for the team at this stage is to expand the network. This is usually done by contacting various prospect companies, as well as using the informal connections the company has. To develop other markets, four companies send their Business Development teams to the foreign markets of interest to understand the market: both to find physical facilities needed, to learn the local business regulations, as well as to build the networks. The study found that building the network is the most important part in finding the partners, which is the next step in the internationalization process.

The second step of increasing the devotion to the foreign market for all studied companies is the partnership with a local company. As it has been already explained before, for the studied companies, a partner company is their B2B customer that uses the technology, or a component developed or produced by the companies in focus of this study to develop or manufacture own products that are further sold to the end customers. Therefore, all studied companies acknowledged that finding the partners is the absolutely most important step for business development. Research literature supports that due to the small size, lack of resources, and a fact of being a new and foreign player in the market, the Born Globals heavily rely on the local resources of their local partners to overcome shortage of experience, and to obtain the needed market-knowledge in foreign markets (Freeman et al., 2006; Knight and Cavusgil, 2004).

To find a partner is a difficult task that requires having many pieces come together. First, the personal connections of the founder(s) or team members are helpful. Second, the right introductions to the companies or people at the companies are important to seek. Lastly, the technological compatibility among the companies is critical too (the companies need to see “if the technology is right”, as said by Marketing Manager B1). This is supported by the research literature that claims that such strategic alliances with
the external partners are a tool to enter new markets despite the financial limitations and having no reputation on a market (Laanti et al., 2007; Sepulveda and Gabrielsson, 2013).

The third level of international involvement takes place when the studied companies station a local representative, who is a contractor paid by hour representing the company, but not employed by it. The companies in focus perceive that it is beneficial for the business to have local resources, which can be of some sort of customer service or sales department, depending on the market size. This decreases the amount of work for the core team in the home market, as well as shows dedication to the partner(s). Oviatt and McDougall (1994) support this finding in their conclusion that Born Globals typically obtain a competitive advantage by using local resources as much as possible, rather than pursuing other higher forms of commitment.

Lastly, the final step in the internationalization process for the studied companies is the establishment of a subsidiary company in a foreign market. As confirmed by all studied companies, a subsidiary primary work with sales and marketing functions, while the R&D is left for the original headquarter office in the home market. This latter finding has not been found to be either supported or refuted by the research literature.

The findings of this thesis are in line with the theoretical approaches to Born Globals’ internationalization, which support that Born Globals do not directly establish a subsidiary overseas, but rather manage their business activities from its headquarter in the home market.

5.1.4 Foreign market entry and operations

This study has found that the choice of a form of foreign market presence, a market entry mode, is important for the interviewed companies. This is in line with the internationalization research that names entry mode decision to be one of the most critical points to resolve (Hollensen et al., 2011). For the studied companies, an entry mode is found to be a “scale-up thing” (in words of the interviewee A3, Co-founder and Business Lead) for the studied companies. As such, there is no specific model of market entry with defined legal tools and time frames. Instead, the process is non-linear and dependable on the development of the relations with the external partners. This is supported by the scholarly literature that explains that each company’s market entry is a separate decision decided by the current situation analysis and the long-term business goals (Williams and Grégoire, 2015).

For all the SMEs studied in this research, there has been a big difference between doing business internationally and actually setting up a local office or establishing a subsidiary. The companies have explained that they are primarily interested in having international customers, and not in having a strong presence locally. The latter one is only a tool to do business better (e.g., to serve customers better due to the linguistic, cultural, or time difference, to have more control over operations in the politically unstable operations or help the core team in sales and marketing tasks), specifically if a large percentage of customers is located in a certain market. The reasons that the companies have mentioned in this research are in line with the existing scholarly literature that supports the influence of the factors of cultural distance between the markets, desired level of control of the local operations. (Giachetti et al., 2018; Williams and Grégoire, 2015) on the entry mode choice.
All six companies have admitted that having international subsidiaries or international offices is not financially feasible for their business models yet and that they will start considering the establishment of the subsidiary companies in the foreign markets as soon as they reach a certain level of turnover at each specific market. However, the studied companies have also noted that there are negative implications of having a legal presence (e.g., paying taxes and administration expenses) that are not appealing to them. This is in line with Hollensen et al. (2011) research that found that a subsidiary company, by being a high control mode, gives the company full control of the activities in the foreign market. In addition, Rhee and Cheng (2002) study that argued that having a subsidiary company is beneficial for the company, as it gives access to the locational advantages to develop a competitive edge, and it compensates for the liability of foreignness, which together decreases the risks related to internationalization. Also, according to the local regulation in some countries like China and the Middle East, the company needs to establish a joint venture in order to operate in the local market. Although having joint venture limits the level of control, the company can still benefit from it by utilizing their partner’s resources (Hollensen et al., 2011).

5.2 Sources and ways to obtain market knowledge

The foreign market knowledge literature emphasizes that companies’ expanding to foreign markets is highly influenced by the characteristics and attributes of the host country (Rhee and Cheng, 2002). Besides, the hurdle of internationalization is many, and the shortage of understanding of the process, and the inadequate knowledge of the foreign markets are among the biggest threats (Ibid.).

This aligns with the empirical findings, showing that the studied B2B Born Global SMEs are aware of the importance of foreign market knowledge, and that before taking the internationalization decisions, the firms collect the market knowledge needed to verify their primary decisions. Since the studied companies mostly do not have the capability to acquire the market knowledge internally, they overcome the lack of market knowledge by grafting (Huber, 1991). The specific examples of the studied firms include the following methods: hiring local agents, working with consultants, or findings other local partners to fill in the necessary knowledge gaps. That corresponds to the research done by Johanson and Mattsson (1988) stating that developing relationships decreases the need for internal knowledge, and thereby decreases the firms’ needs to acquire the foreign market knowledge internally, as they easily can obtain the necessary information by establishing partnerships. In this study, the companies are learning the knowledge by vicarious learning when studying partner’s experience, and by internal information if the company establish a new firm with their partners (Fletcher and Harris, 2012). The findings show that the reasons for this way of obtaining the foreign market knowledge include saving time, money and keeping commitment as low as possible, which corresponds to the study of Rhee and Cheng (2002), stating that working through partnerships to acquire foreign market knowledge comes with various benefits.

5.3 The relationship between foreign market knowledge and companies’ decisions about when, where to, and how to internationalize

The conceptual framework of this thesis has been applicable for the analysis of the findings of this study on the relationships between different factors of market knowledge and internationalization decisions. To start with, according to North (1990),
businesses that are going to decide to internationalize, consider the economic situation very important. The findings of this paper show that all the interviewed companies’ support this idea. Company A was willing to put extra resources on entering Chinese and the US markets, because they had the highest customer revenue and investment among all the markets in the world. Companies B, C, D, and F were focusing on internationalizing to developed countries and the countries with mature industry environments, as there were more established mature companies with viable financial ability that were more likely to allot a substantial investment to the technology. As in the first step in the “Key step model” by Darling and Seristö (2004), Born Global SMEs analyze the market opportunity in the market at early stages, in order to see how many resources, they should devote to a market. The studied companies in this thesis mentioned that opportunities and prospects are not enough to internationalize the business, but rather they need to see sustainable economic growth, which is in line with what Dunning (1988) stated.

However, contradicting to the literature, two of the Born Global SMEs studied in this research focus more on the economic opportunities in a specific company instead of the host country. One company mentioned that the market is not important at all; therefore, the firm would partner with the prospect company, as long as the latter has the money. The other studied company said they find potential clients that fit their needs directly on the Internet or through their network; thus, the geography and the general economic situation of that region are not as important.

Developing, maintaining, and establishing networks in the host market is considered to be a part of the internationalization process in the literature (Johanson and Mattsson, 1988). In the findings of this study, it is seen that the studied companies build their networks in different ways, but all of them see this as a crucial part of the internationalization process. The studied companies built personal, legal, economic and technical relationships with different people and companies (e.g., contact people, the manufacturers, partner companies, etc.). By doing so, companies can gain knowledge about the market or different companies, which is in line with the internationalization literature (Håkansson and Johanson, 1994). In addition, the experience Company B had in the Chinese market proves that establishing international networks could create new business opportunities (Alcácer et al., 2016).

As for the factors, where the reviews theory and empirical findings contradict each other, they are: political situation of the country, and the legal regulations bound to it. To start with, it is argued by Cuervo-Cazurra et al. (2007), Brouthers et al. (2016), Bals et al. (2013) and Skipari and Pajunen (2010) that the political situation of a country is advised to analyze carefully before decisions about internationalization, but the studied companies did not bring up issues related to political situation by themselves until they were specifically asked if it was something they considered important. Once asked, all companies acknowledged that it is something to be considered. The reasons for the companies not to highlight it could be, first, because it is not a priority when deciding upon entering a new foreign market, and, secondly, the industry they are in is not affected by political issues. One of the companies specified that, as long as the business in the market with an unstable political situation does not require additional investments, they would still make deals in that market.

When making the decision about internationalization, legal regulations about import quotas, import tariffs, regulatory limitations, and local regulations or policies are
carefully considered by companies (Karakaya and Stahl, 1989; Whitelock and Jobber, 2004). When it is possible to meet the tariffs requirement, the cost is acceptable, and the intellectual property is protected, the market is ideal for the companies to be decided for the entry. However, if the situation is not perfect, but the economic opportunities are still desirable, most of the studied companies are still willing to enter and figure out the way to work around the legal regulations.

Looking at another group of factors, a majority of the studied companies instantly mentioned language and culture as critical factors that impact the decision making about when, where to and how the firms would internationalization. Therefore, in line with Johanson and Vahlne (1977), this thesis argues that the shortage of foreign market knowledge is to the most significant extent due to disparities in language and culture. Additionally, Williams and Greégoire (2015) confirm that culture is one of the top two most important factors in decisions about foreign market entries (Lópe-Duarte and Vidal-Suárez, 2013).

Analyzing the factor of culture further, Rhee and Cheng (2002) conclusion might be mentioned. According to the scholars, there is a strong link between cultural background and internationalization (Ibid.). Similarly, this study has found that their first international venture, the majority of the studied companies went to market with similar cultural experience (which equals to smaller cultural distance) and to the countries that speak the same language. The reason could be found in the literature: when the liability of foreignness is low, it is easier for companies to carry out marketing opportunities because there is a fewer misunderstanding in the language and nonverbal cues (Lópe-Duarte and Vidal-Suárez, 2013; Malhotra et al., 2011). Besides, the risk tolerance of Born Global SMEs is still very limited, and they prefer to have lower risks and uncertainty in their actions. Therefore, markets with a similar cultural background are what they are looking for (Malhotra et al., 2011). In this study, companies mentioned that they study not only the culture of the country, but also the local business culture to have a better conversation with their clients and partners and reduce the cost of market communication

Discussing the issue of language, Harzing and Feely (2008) emphasize that language is a dominant discrepancy between the markets that impacts the border creation. According to the scholarly literature, when host market uses different languages than the home market, it is considered to be a barrier, which brings many challenges both for internationalization process and for further operations (Sanden, 2016). Most studied companies in this research have found it to be as rather easy issues to deal with. As Sanden (2016) suggested, the studied companies that face such problems hire professional translators or have people in their team who speak the language in question.

5.4 The relationship between foreign market knowledge and operations in foreign markets

As explained by Williams and Gregoire (2015), there are various factors that impact what type of entry mode a company chooses when entering a foreign market. Thus, a plethora of factors influences the further company’s operations in the foreign market. Furthermore, the same authors state that the cultural distance specifically should be taken into account when selecting entry mode, since the difference in values, norms and behaviors can affect the outcomes of business operations, if not dealt with properly. This aligns with the empirical findings in this research, concluding that the majority of the Canadian studied companies are either interested or already operating in the U.S,
because it is culturally similar to Canada. One interviewee even stated that “It doesn't feel like an international business to us.” Furthermore, when the studied companies were asked whether or not culturally different markets were attractive, all of them agreed that if the opportunity would be big enough, the differences in culture would not matter, because there are ways to overcome it rather easily. This is usually surmounted by the increase in local representatives, which, once again, corresponds to the study of Williams and Grégoire (2015), arguing that if the cultural differences are many, companies need to deal with them appropriately. When operating in the foreign market, local presence is used as a way to solve problems caused by the political situation. Besides from that, two of the studied companies hired CEO who is stationed in the most desirable market, in order to have easier access to local networks, and obtain that market’s knowledge.

Additionally, the research done by Hollensen et al. (2011), brings attention to the level of commitment of different entry modes. The authors divide such level of control into three categories: high control, intermediate control, and low control. High control and low control are not applicable in this case study, as high control involved establishing a wholly owned subsidiary and being an original equipment manufacturer, and low control involved exporting, in which the studied Born Global companies do neither. However, examining the category of intermediate control further, an apparent link to the findings of this study can be found. Hollensen et al. (2011) state that companies falling within the category of intermediate control, are characterized by forming strategic alliances and joint ventures, and that such modes, are commonly carried out by finding local partners to collaborate with, and utilize that partner’s resources in the new market, as they have much more knowledge and experience in it. Comparing that to the empirical findings of this thesis, it clear that to the studied companies fall under the category of intermediate control, as all of them make use of local networks or partners.
6 Conclusions and implications

The final chapter of the thesis outlines the conclusions of the study. Particularly, the answers to the research questions are presented, followed by the theoretical, managerial and societal contributions, as well as the recommendations for further research. The section concludes with a critical review of limitations found in the research.

6.1 Answer to research question 1

RQ1: How do B2B Born Global SMEs make decisions about when, where to, and how to internationalize and operate in the foreign market(s)?

This research found that the decision-making process of the chosen B2B Born Global SMEs internationalize is very similar among all companies. To start with, the studied companies start their internationalization process within a very short time after their establishment: between a few weeks up to one year. As to the reasons why B2B Born Global SMEs undertake the internationalization so fast, there are a few major reasons to it. To start with, B2B Born Global SMEs are revenue-focused, and tend to prefer markets where that are desirable perceived financial opportunities. Therefore, it is natural for the firms to seek new business opportunities, which happen to be primarily located in the foreign markets due to the nature of the product and limited home market opportunities. Firstly, the nature of the product the companies develop (e.g., technology or a component), dictates the need for the firm to work with partners that either manufacture the product for the firms, or are their B2B customers, who need the technology or components for the development or production of their own product(s). That is why the firms need to build local networks and find partnerships to manufacture or buy their product, which is the next commonality found in this study.

As such, this study found that for the studied B2B Born Global SMEs, local partnerships are very important, since the enlargement of the local networks leads to the acquisition of more customers. Therefore, without the increased number and depth of the partnerships, the B2B Born Global firms do not have the possibility to run their business. Hand in hand with this reason, comes the next reason, which explains that the companies start looking for international opportunities as soon as they are established due to the limited or absent local opportunities in home market. The opportunities in the local market are limited due to the fact that there are global leading markets for each particular type of technology (e.g., China (including Hong Kong and Taiwan), Korea, Japan, the USA, as well as the EU countries). As the economic opportunities in the home market are not enough, the firms have to pursue international opportunities in order to get the competitive advantage and to survive in the long term. To sum up, the companies undertake internationalization as early as possible, and pursue as many internationalization opportunities as possible, with the goal to reach its financial objectives, find customers for their products, and to get competitive advantage in long-term.

Another point that can be concluded is that most of the studied firms divide their goals for internationalization into short- and long-term. The short-term goals lie within the scope of reaching certain financial objectives, while the long-term go beyond it and strive at building the reputation and entering the desired markets that are advanced in the field of technology the firm is working in.
As a conclusion of this study, a typical internationalization scenario of B2B Born Global SMEs can be outlined. The firms in this study start with having one of the employees or external representatives of the company physically going to the market of interest, where that person(s) aims at evaluating the market. In other words, collecting local knowledge and building networks. This step is used by companies to investigate whether a specific foreign market is a good fit for them.

Looking at the choice of the foreign markets to expand to, B2B Born Global firms usually go to markets in which they see the economic opportunity and have any connection to. While the importance of economic opportunity for the decision to enter the market is applicable for all business ventures, the significance of the connection to the foreign market stands out. Usually, the companies in this study primarily go to the markets they have previous business experience with or have a team member with the background in a certain country, or where they know some companies or people who can introduce them to the companies in the foreign market.

Moreover, the second step of internationalization enhancement is the partnership with a local company. In line with the research literature, for the studied B2B companies, acquisition of the partners is the absolutely most important step for business development. Furthermore, the forthcoming internationalization step is the appointment of a local representative to the market. This is typically a contractor paid hourly, who is representing the company but is not employed by it. The biggest reason for having a local representative in a foreign market is the need to build networks and establish partnerships, because as previously mentioned, such partners also become the customers.

Lastly, if the companies see the aforementioned effort has met their goals, then the firms would establish a subsidiary company in the foreign market. The subsidiary is usually working with sales and marketing functions, while R&D stays in the home market due to the reasons that companies believe that it is usually cheaper and more efficient, as well as that their home market team is more knowledgeable compared to local teams.

6.2 Answer to research question 2

RQ2: How do B2B Born Global SMEs acquire the necessary foreign market knowledge to make decisions about when, where to, and how to internationalize and operate in the foreign market(s)?

As the answer to the RQ1 pointed out, foreign market knowledge is of high importance for the companies’ internationalization and operations in the foreign market(s). This thesis shows that the studied B2B Born Global SMEs collect market knowledge from external parties by grafting. The reason for that is because they do not have the desired knowledge internally in the company. In other words, the companies do not possess the knowledge themselves, but rather locate people, companies, or other entities that have the foreign market knowledge. Thereby, the companies actively search for a source that has the required foreign market knowledge, instead of developing it internally.

The way the companies collect the foreign market knowledge varies slightly depending on factors such as: the characteristics of the foreign market, the presence of the source of foreign market knowledge in the company’s existing network, and the accessibility of the specific foreign market knowledge. The common denominator is that the companies seek help from experienced counterparts in the market, which is the same as grafting. This could be achieved via working with consultants or hiring individuals with
appropriate knowledge (e.g., local employees, CEOs with extensive networks and knowledge). Furthermore, this research has shown that the studied companies also find it easier to obtain market knowledge if they enter markets they already have some experience in or if they have someone in their network who does.

Additionally, the authors can also conclude that the reasons behind acquiring the foreign market knowledge in the aforementioned ways, include time efficiency and cost efficiency. Additionally, the studied companies tend to commit to the foreign market(s) in accordance with the implied possibilities. The latter explains that if the market is not very attractive for the company, or if it entails many perceived uncertainties and risks, the company will probably not commit to a larger extent than hiring a local contractor, paid hourly.

6.3 Answer to research question 3

RQ3: How do factors of foreign market knowledge influence decisions of B2B Born Global SMEs about when, where to, and how to internationalize and operate in the foreign market(s)?

To answer this question, the authors have divided the discussion into two parts: the first part discusses the influence of the foreign market knowledge factors on decisions of B2B Born Global SMEs about when, where to, and how to internationalize, and the second part reviews the influence of the foreign market knowledge factors on decisions of B2B Born Global SMEs about ways of operations in the foreign market(s).

Starting with the discussion of foreign market knowledge, and how such factors influence the internationalization decisions of the studied companies, the authors have categorized the foreign market knowledge factors into three groups, based on the B2B Born Global SMEs’ considerations of different factors for their decision making about when, where to, and how to internationalize in the foreign market(s). These groups of factors are: important, disregarded and overlooked. The three groups of factors are discussed below.

To begin with, Born Global SMEs consider the following factors as important when making decisions about when, where to, and how to internationalize in foreign markets: economic opportunities of the foreign market(s), network, and political situation.

The first most critically important factor perceived by the Born Global SMEs is the economic opportunities in the target market. As the scale of operations of the companies is relatively small, and they are rather limited in their finances at the current stage, they prefer to work with companies with a substantial monetary resource. In this way, they can make bigger deals and make more money out of it. In a booming economy or in a country that has a mature industry, there are consequently more companies that meet these requirements.

The next important factor is the availability and the breadth of the networks in the host market. When making the decisions about where to internationalize, Born Global SMEs are more likely to enter a market they had experiences with and have established networks within. This is because they do not have enough resource to start building relationships from scratch after entering the market. Furthermore, a market without any experience and contacts means that there are more uncertainties the company might encounter. Besides, solving the problems without a local network requires more
precious and limited energy and resources of the company. The consequences of failure to tackle the obstacles can be too big to handle by the Born Global SMEs, and this could result in the failure of internationalization and operations in not only one specific market, but also several other markets, because the limited resources will be employed in that specific market. Once the B2B Born Global SMEs make decisions about when, where to, and how to internationalize, they start proactively building networks. There are two ways utilized by companies to build networks. The first is through visits to the potential clients and the market of interest by themselves. Doing so can help the companies to understand the real situation of the market or company. This also enables the companies to establish primary networks, so that the companies can easier operate in the market. The second way is hiring a CEO that already has existing networks in the industry that the company is active in. Besides, the studied companies aim at hiring a CEO who is already present in the desirable market to internationalize to. Therefore, hiring a CEO is an important decision for the companies, as this person brings his or her networks in, and also helps to develop and maintain the networks in the market(s) of interest. Altogether, this leads to the escalation of business opportunities.

The third factor found to be important for the companies’ decisions about when, where to, and how to internationalize into the foreign market(s) is the political situation of the host country. Particularly, the macro-political context impacts the companies’ decisions immensely. As such, when there are official bans on trade or other commercial activity or trade wars that concern a target market, it is usually impossible for companies to find a way how to internationalize to that market. Therefore, the companies look into the political situation even before considering the most critical factor - economic opportunities within.

For the second group of factors, the disregarded ones, the authors found that language, culture and legalities fall into this category. Disregarded factors are the points of consideration that the companies are aware of and perceive to be important, but they find the ways to cope with.

Firstly, looking into the role of language, this study found that language is considered to be an important factor of consideration for the companies in their decisions about when, where to, and how to internationalize in the foreign market(s). However, the research has also discovered that there are many ways the companies use to overcome language barriers. The studied companies experienced that most business professionals speak English, even if English is not the official language in their country. In case the prospect partner or client does not speak English, it is relatively easy and cheap for the company to hire a translator. Furthermore, some companies have found other ways of overcoming language barriers, such as communicating through email instead of phone calls. Therefore, despite the difference in languages between the home and the foreign market(s), companies do not consider it to have notable influence for their decisions regarding when, where to, and how to internationalize in the foreign market(s) per se.

Similar to language, culture is a factor that the studied companies are aware of and acknowledge highly, but do not consider it has big influence on their decisions regarding when, where to, and how to internationalize in the foreign market(s). Particularly, the companies find that it is relatively easy to overcome. This is usually achieved by either studying the culture before having any interactions with people from there, and/or hiring local representatives to carry out most of the business interactions in the host market. Lastly, this study shows that it is important for companies to
understand the cultural differences in how the business is done in the market, and not necessarily the broader cultural differences that concern the more general cultural societal characteristics.

Finally, the third factor that is found to be important for companies’ decisions about when, where to, and how to internationalize in the foreign market(s), but which companies know how to overcome is the legal regulations of the host market. Particularly, the study concluded that legal regulations do not impact the companies’ decisions about internationalization, as at the current stages of their operations, the studied companies are working with partners. Therefore, it is their partners that are dealing with legalities; and, since the partners are already operating in the market, they know how to manage all obligations imposed by law.

Furthermore, the third group of factors that Born Global SMEs overlook when making decisions about when, where to, and how to internationalize in foreign markets includes political situation, legal regulations, and language. Overlooked factors are those elements the studied companies fail to acknowledge by themselves, but still confirm to have influence on their internationalization decision, when asked by the researchers. Particularly, while for majority of Born Global SMEs, political situation and legal regulation has an immense influence on their decisions about when, where to, and how to internationalize (therefore, this has been discussed in the first two groups of factors), for some other companies these two factors do not have a drastic impact on their internationalization decisions, as they perceive that the type of their industry is not sensitive to political and legal regulations. Therefore, for the latter companies, as long as the economic opportunities are big enough, the companies do not consider the political situation and legal regulations in their decision making about when, where to, and how to internationalize in the foreign market(s).

After having discussed the influence of the foreign market factors on decisions of B2B Born Global SMEs about about when, where to, and how to internationalize, the discussion can continue with debate about the influence of the factors of foreign market knowledge on decisions of B2B Born Global SMEs regarding the ways of operations in the foreign market(s). The study found that factors of foreign market knowledge also play an essential role in companies’ making of decisions about operations in the foreign market(s). Specifically, political situation, economic opportunities and legal regulation impact the companies’ decisions about operations in the foreign market(s).

The political situation is an essential factor to consider not only when internationalizing the business (which has been discussed earlier), but also when choosing the ways to operate. Particularly, Born Global SMEs usually prefer to have a local presence in form of a local representative or a sales and marketing subsidiary in the markets with attractive economic opportunities, but unstable political situations. Doing so allows companies to have more control over the activities in the market, and enables the firms to take quick actions when unexpected things happen.

Moreover, the form of local presence depends on the perceived economic opportunity and legal regulations. The form of local presence depends on the perceived economic opportunity and legal regulations. At the initial stages of their international operations, the companies usually settle with local representatives. Having local representatives is a common strategy for the start of the operations in the foreign market(s) among the Born Global SMEs. This approach is valued by the companies, as it brings more insight about
the local culture and know-hows about how business is conducted in a new foreign market. Furthermore, the companies are also able to build or develop local networks for a more desirable position in the market via the local representatives. However, if there are many potential clients, partners and business opportunities in the market, the Born Global SMEs are more likely to establish an office or a subsidiary there. Furthermore, when the companies come to a stage of independent operations in the market, the legal regulations are found to have a higher influence on companies’ decisions regarding the ways of operations in the foreign market(s), as the local partners no longer are the responsible legal party in the market, and the companies need to meet all obligations imposed by law by themselves. In addition, there are specific legal regulations about the legal form foreign companies have to have in some markets, which impacts the companies’ decisions about the ways of operations in the foreign market(s). For example, in China and the Middle East, the only way for a foreign company to operate in the market is to establish a joint venture with a local company.

6.4 Theoretical implications
The existing scholarly research primarily studies internationalization process and further operations of the multinational enterprises (MNEs), which has led to the fact that the topic of internationalization of SMEs is under researched (McAuley, 2010; Dominguez and Mayrhofer, 2017). The other even more insufficiently researched topic is internationalization of Born Global SMEs (Knight and Cavusgil, 2015, Matthysens et al., 2008). Since the prevailing focus in internationalization scholarly research has been, and remains until now, on multinational enterprises, this particular study attempted to contribute to the enhancement of the understanding of the internationalization of Born Global SMEs - a rising phenomenon in the international business that has, nevertheless, not been adequately represented yet in the scholarly research.

Furthermore, the additional important area of research of Born Global SMEs is the knowledge about the market of interest for the companies to enter (Rhee and Cheng 2002, Autio et al., 2000; Johanson and Vahlne, 2003). Therefore, the authors of this study endeavored to fill the research gap of understanding how the multi-factor foreign market knowledge, constituted of six factors: economic context, networks, political situation, legal regulations, culture, and language, affects the internationalization process and the further operations in the foreign market. Since a theory that conceptualizes a multi-factor approach has yet not been developed (Knight and Cavusgil 2015), the authors of this thesis tested the aforementioned factors, and studied them with attempt to find links and correlations between them and the internationalization processes and further business operations of the Born Global SMEs.

6.5 Managerial implications
Even though the findings and conclusions of this research are based on a qualitative research with a limited sample (and, thus, cannot be generalized), the researchers would like to highlight some possible implications for companies and managers who are considering internationalizing their SME businesses or who are already currently undergoing an internationalization process to consider. To start with, hiring local representatives is an operative way to internationalize with low risk. It is also popular and effective in terms of acquiring market knowledge. Economic opportunities of the market, business network, and political situation have the most significant impact on internationalization decisions.
The other recommendation that managers could consider is that the conceptual framework developed in this thesis can be used as a checklist or a preliminary agenda when preparing to internationalize or undertaking the internationalization process. Particularly, here are the key takeaway points that business practitioners are advised to consider: network as early as possible; do research on the economic context, political situation and related legal regulations; study local culture and local language and/or hire local staff. Besides, having people working in the target market is beneficial, because in the early stage, they can obtain the knowledge, start building networks, and decide whether the company should enter the market or not. Later, they can work with partners and clients, as well as manage local sales and marketing.

6.6 Societal contribution

One of the most famous frameworks in studies of Corporate Social Responsibility (CSR) was developed by Archie B. Caroll in 1991, dividing CSR into legal, ethical, and philanthropic aspects (Caroll, 1991). Applying that framework to this thesis, the authors argue that this study has contributed to the CSR development by shedding light on the internationalization of businesses. The reason why this has a positive societal impact, is because, when a company internationalizes to a new market, it boosts that markets economy by increasing business, which leads to more jobs being created, which, in its turn, results in increasing the GDP rate of the country, and often, more tax money will be received by the government. In many countries, this money will most likely have a positive impact on the society as a whole. Furthermore, it might be assumed that an increase in the number of jobs, GDP rate and tax funds has a positive impact on any given society, which is in the interest of all parties involved.

6.7 Limitations

The first limitation of this thesis is that the research is only based on six studied companies from two countries. Even though multiple interviews were held with each company, the number of cases is still too small to provide any generalized findings. Another limitation is that at the beginning of the research, three additional companies had accepted to participate in the study, but later have dropped out of the study, making the total number of case companies lower than initially planned. Due to time constraints, the authors were unable to make up for those lost participants. If more time has been given, the authors would like to examine a larger number of Born Global SMEs from more diverse geographical locations.

6.8 Suggestions for future research

As qualitative research was carried out in this paper, the authors suggest conducting quantitative research on the topic. This would enable the study to produce the results that could be generalized. As for the foreign market knowledge framework developed in this paper, further investigations are encouraged to test it with more aspects, and in different contexts. It might also be enriching for the scholarly research, if future studies could look into the companies from the same country that are internationalizing towards the same market. In addition, researchers could focus on other industries to explore the similarities and differences in the influence of the factors of foreign market knowledge on internationalizing between the companies in the same industry.
References

Books:


consequences of mobility: Linguistic and sociocultural contact zones. Roskilde: Roskilde University Department of Language and Culture. pp.185–196.


Articles:


Appendices

Appendix 1. The interview guide

Objectives to conduct the interview:
- Apprehend the context of the firm;
- Understand the decision-making process of the firms about when, where to, and how to internationalize and operate in the foreign market(s) and the reasons behind it;
- Figure out how the determinants of the market knowledge influence the firms’ internationalization strategies and ways of operating in the foreign market(s).

Introduction:
1. The researchers present themselves and the project: the purpose, research questions, and the timeframe.
2. The interviewers ask whether it is okay to audio record the interview.
3. The authors ask whether they could use the real name of the company, or whether the respondent would prefer to leave the company anonymous?

Interview questions:
Part 1. Questions about the firm background and its markets of operations
1.1. Characteristics of the firm:
1.1.1. Number of employees
1.1.2. Number of customers
1.1.3. Business idea
1.1.4. Value proposition

1.2. Characteristics of the markets of operations:
1.2.1. Home market
1.2.2. International markets
1.2.3. Terms of operations internationally
1.2.4. Main competitive advantage

Part 2. Questions about the interviewee:
2.1. What is your position at the Company?
2.2. How long have you in this Company?
2.3. How long have you worked in this industry?
2.4. How are you involved in the decision-making about internationalization?
2.5. How are you involved in international operations?
2.6. Who are the key people in the decision making about the market entry, and international operation?

Part 3. Questions about the decision making about when, where to, and how to internationalize and operate in the foreign market(s):
3.1. When have you started to plan for internationalization of your business after its establishment?
3.2. How long did it take after the establishment of the company until you started operating in foreign markets?
3.3. What was the reason for that chosen time?
3.4. What are the recent foreign markets your company has entered in recent years?
3.5. What was the main motivation for internationalization?
3.6. Do you have some local resources and networks before you enter the market? If so, how do they benefit your company in the process?
3.7. How does your company operate in the foreign market? (export, partnership with local companies, the establishment of a company with a local partner, etc.)

3.8. What markets are you preparing to enter?

**Part 4. Questions about factors of foreign market knowledge influence on decisions about the firm’s internationalization strategies and ways of operating in the foreign market(s):**

4.1. How does the process look like when you go through exporting/partnership with a local partner/establishment of a company with a local partner or own company (depends on the answer to Question 3.7.)?

4.2. Where and how does your company get foreign market knowledge? Please explain and provide examples.

4.3. Which foreign market knowledge factors play decisive roles when you are choosing this form of operation, and why? Please explain the reasoning for each specific factor.

4.4. Which foreign market knowledge factors are the most important in this process, and why? Please explain the reasoning for each specific factor.

4.5. Are there any special foreign market knowledge factors in a specific market that highly influence your choice of exporting/having a local partner/establishing a company (depends on the answer to Question 3.7.)? For example, its economic system, political background, language, culture, etc. If yes, why and how?