Mario Glowik, Frank Sadowski
Berlin School of Economics and Law

SUCCESS FACTORS
OF INTERNATIONAL NEW VENTURE FIRMS – EMPIRICAL CASE STUDY
OF GERMAN SME
Introduction

In contrast to traditional internationalization concepts, recent research outcomes within international business (IB) discipline, emphasize that firms start venturing internationally soon after inception. In the early 1990’s, Michael W. Rennie discovered the emergence of such entities within a case study of 300 Australian start-ups, which entered foreign markets straight after foundation. Rennie called this type of firms ‘born globals’ (Rennie, 1993, pp. 45-52). Since then, the internationalization business process literature has been expanded by several authors, who picked up Rennie’s study outcomes. Meanwhile, literature on the born global phenomenon has been amplified by research of other industries and regions outside Australia. Especially, small and medium-sized enterprises (SME) which operate in international markets from the early beginning of the firm lifetime raised the interest of scholars (Knight, Cavusgil, 1996, pp. 11-26).

In 1994, Benjamin M. Oviatt and Patricia P. McDougall formulated their theory of “international new ventures” (Oviatt, McDougall, 1994, pp. 45-64) (INVs). The concept explicitly raised attention among the scholarly society because a more comprehensive understanding of the ‘new venture phenomenon’ was provided. Nevertheless, it is assumed that the current literature lacks a uniform definition of an INV. The paper on hand attempts to summarize research contributions which target a common description and classification of an INV. The value of these theoretical approaches is verified in a case study of a German SME which serves as an ideal INV candidate.

1. Methodology

The first part of the paper is devoted to a literature review on newly upcoming internationalization theories. The research was conducted by scanning bibliographic database sources such as “WISO”, “Science Direct” and “SpringerLink”. Key words such as ‘international new venture’, ‘born global’, ‘international entrepreneurship’, and ‘internationalization process’ helped to discover relevant articles in ranked journal publications. Aware of the fact that major research on INVs started in the early 1990’s there was no time limitation set concerning the release of publication. The empirical part of this paper is structured in a similar pattern as introduced by Rialp et al. in 2005 for four Spanish firm case studies (Rialp, Rialp, Knight, 2005, pp. 133-171).

As a first step, the authors have searched for a SME firm which fits to the theoretical definitions of an INV (Oviatt, McDougall, 1994, p. 49). Potential firm candidates were collected through the German association of machine ma-
As a second step, following the evaluation of relevant data such as firm history, international business activities etc. one suitable firm was selected for the case study.

As a third step, a face-to-face interview (around 120 minutes) with the founder and entrepreneur was carried out in German language and the results translated into English. Additional information material and business performance figures of the case study firm were provided by the founder and contributed to the empirical part of this article.

Finally, at the end of this article, in light of the case study research results, the authors investigate the value of current theoretical literature contributions which target a uniform classification of an INV.

2. International new venture concepts


Frequently used are the terms, “born globals” (Rennie, 1993, pp. 45-52) and “international new ventures” (Oviatt, McDougall, 1994, pp. 45-64). Irrespective of the names, all firms within this group have a common denominator; they “coordinate many organizational activities across many countries” (Oviatt, McDougall, 1995, p. 42).

Oviatt and McDougall define an “international joint venture” as “a business organization that, from inception, seeks to derive significant competitive advantage from the use of resources and the sale of outputs in multiple countries” (Oviatt, McDougall, 1994, p. 49). The other frequently used term, “born globals”, was conceptualised by Knight and Cavusgil as: “small technology-orientated companies that operate in international markets from the earliest days of their establishment” (Knight, Cavusgil, 1996, p. 11). While Oviat and McDougall focus on resources but not on particular industries, Knight and Cavusgil predicate in their definition that this phenomenon predominantly occurs in new, technology-intensive businesses (Bell, 1995, pp. 60-75; Shrader, Benjamin, McDougall, 2000, pp. 1227-1247). According to the literature review, the term “international new venture” (INV) seems to be more applicable for the majority of authors and, thus, is used in the following sections of this paper.
Nevertheless, the literature does not provide a common and operational criterion under which circumstances a firm can be recognised as a “rapidly internationalizing new venture firm” or, alternatively, as a gradually-oriented internationalizing firm; the traditional exporter (TE) (Rialp, Rialp, Knight, 2005, pp. 133-171). Therefore the next section attempts to structure and define numerically operational criteria of INVs.

2.1. Towards a classification of an international new venture (INV)

Rialp et al. recognized a large variance of indicators within the literature and suggested a “more unified criteria for the empirical definition of the born global condition of a nascent, entrepreneurial small firm” (Rialp, Rialp, Knight, 2002, pp. 11-13). Three multidimensional categories were formulated in order to define an INV:

I. The firm’s age at international entry.
II. A high export involvement at a certain point of time in business.
III. The number of export markets covered in a short amount of time.

What is the concrete meaning of ‘high export involvement’? How many years a SME may need for its internationalization and how many markets should be entered within a ‘certain period of time’ in order to belong to the group of INVs? Reviewing the literature, there are different proposals regarding numeric classification indicators of an INV.

I. The firm’s age at international entry

The first criterion, ‘time span’ (Rialp, Rialp, Knight, 2002, p. 12), means the period in years until the first international sales is obtained by a firm after its foundation. Oviatt and McDougall mentioned a six-year period (Oviatt, McDougall, 1997, pp. 85-99), as a standard time span, whereas Rennie and Rialp et al. identified INV as firms which procure export activities within two years after their inception (Rennie, 1993, pp. 45-52; Rialp, Rialp, Knight, 2005, pp. 133-171). G.A. Knight, T.S. Cavusgil and other scholars, based on their empirical research, define a time span of three years (Knight, Cavusgil, 1996, p. 12; Madsen, Rasmussen, Servais, 2006, p. 250; Servais, Rasmussen, 2000, p. 14). As found in the course of the literature review, the majority of the researchers suggest a two to three years time span. Consequently, for the firm case study of this paper, the first numerically criterion [NC] for an INV is defined; [NC1] The firm’s age at international entry has to be three years or less in order to be considered as an INV.
II. A high export involvement at a certain point of time in business

The second criterion is measured by the share (in percentage) of foreign sales in relation to the entire firms’ revenue. According to Rennies’ research results (Rennie, 1993, pp. 45-52) INV achieve 75 percent of their total sales through exports, whereas Rialp et al. (2005, pp. 133-171) consider a 50 percent share as an INV indicator. Various literature contributions (Knight, Cavusgil, 1996, p. 12; Moen, 2002, p. 158; Madsen, Rasmussen, Servais, 2000, p. 250) recommend an export level of at least 25 percent. Thus, the firm selected for the empirical case study in this article has to reach minimum 25 percent of exports in relation to its revenue. [NC2] The export involvement reaches 25 percent in order to be considered as an INV.

III. The number of export markets covered in a short period of time

There is no concrete numerical classification available in the literature concerning the export markets entered except the statement that the firm’s sales shall reach; "multiple countries (which implies at least 2 different continents)” (Rialp, Rialp, Knight, 2002, p. 12).

Rialp et al. (2002) based on their review of twenty-seven INV related literature outcomes (Rialp, Rialp, Knight, 2002), defined three dimensions, as introduced above, which help to indicate an INV. However, the category ‘number of export markets’ remains unclear which may bias INV related research findings.

An example

Assuming two German firms (A and B) each meet the criterion of firm age at international entry and the criterion of export involvement. Firm A exports to four foreign markets (Poland, Switzerland, Austria and the Netherlands), whereas firm B procures its business in two foreign countries only (China and the U.S.A.). In one hand, if the number of foreign markets is considered (four versus two) firm A indicates a higher international involvement than firm B. On the other hand, if the geographical and ‘psychic distance’ (Johanson, Vahlne, 1977, p. 24) is taken into account (direct neighbouring countries versus separate continents), firm B indicates to be more international and ‘venture oriented’. The lack of a commonly accepted criterion concerning the term ‘export markets’ causes a major conceptual weakness in the current literature. Therefore, considering the current stage of research, the ‘number of export markets’ should be considered rather as a supporting ‘explanatory variable’ (Rialp, Rialp, Knight, 2002, p. 13) which help to identify an INV than a strict quantitative criterion.
Within the course of the case study research of a German SME, the authors define:

NC3 At least five export markets entered, within three years, in order to be considered as an INV.

Following the attempt to classify an INV based on quantitative indicators as above mentioned (NC1, NC2, and NC3) the following section of the paper targets to discover qualitative indicators of an INV such as external environmental factors and internal firm-related issues, for example the role of the entrepreneur. Finally, the discussion on these topics shall help to answer the question: ‘what leads to an emergence of an INV’?

2.2 External and internal factors of the INV environment

Rialp et al. claim that particularly the changing technological environment (2005, p. 136) contributed to emerging phenomenon of INVs. Liberalized trade patterns, the improved efficiency of international communication and transportation systems (Oviatt, McDougall, 1994, p. 51) and the use of the World Wide Web allowed new venture firms to enter foreign (niche) markets without having large resources, as established multinational incumbents rely on. The homogenization of customer requirements causes decreasing costs of product adaptation in a way that smaller firms are able to sell their products and services internationally (Oviatt, McDougall, 1994, pp. 51-52). Furthermore, the involvement in global firm networks supports INVs to enter and penetrate foreign markets (Oviatt, McDougall, 1994, p. 52; Rialp, Rialp, Knight, 2005, p. 136). However, the INV should be aware of potentials disadvantages, if the successful internationalization process implies economies of scales.

Rialp et al. (2002) identified ten “characteristics most usually regarded as critical success factors for this type of newly established, highly export-involved entrepreneurial firms abroad...” (Rialp, Rialp, Knight, 2002, p. 27). The most important characteristics, which differentiates an INV from a TE, were summarized and categorized in three key dimensions (Rialp, Rialp, Knight, 2005, p. 139) such as, first: founder’s characteristics; second: organisational capabilities, and third: firm’s strategic focus; as illustrated in Table 1.
Table 1. Key dimension of INV versus TE

<table>
<thead>
<tr>
<th>Key dimension</th>
<th>Attribute</th>
<th>International New Venture (INV)</th>
<th>Traditional Exporter (TE)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Managerial vision</strong></td>
<td>Global from inception</td>
<td>International markets to be developed gradually after a significant domestic market base</td>
<td></td>
</tr>
<tr>
<td><strong>Prior international experience</strong></td>
<td>High degree of previous international experience of founding entrepreneurs and/or managers</td>
<td>Irrelevant or low degree of previous experience in international issues</td>
<td></td>
</tr>
<tr>
<td><strong>Managerial commitment</strong></td>
<td>High and dedicated commitment with early internationalization efforts and challenges</td>
<td>General commitment with objectives and tasks but not directly related to internationalization</td>
<td></td>
</tr>
<tr>
<td><strong>Networking</strong></td>
<td>Intensive use of both personal and business networks at the local and international level crucial for the firm</td>
<td>Loose network of personal and business partners. Only foreign distributors seem to be relevant to the firm’s gradual path and pace of internationalization</td>
<td></td>
</tr>
<tr>
<td><strong>Market knowledge and market commitment</strong></td>
<td>High from the very beginning due to superior internationalization knowledge at inception</td>
<td>Slowly growing with previously accumulated domestic and foreign market knowledge</td>
<td></td>
</tr>
<tr>
<td><strong>Intangible assets</strong></td>
<td>Unique intangible assets (based usually on knowledge) are important for early internationalization purposes</td>
<td>Availability and role of intangible assets are less important for successful gradual internationalization</td>
<td></td>
</tr>
<tr>
<td><strong>Value creation sources</strong></td>
<td>High value creation through product differentiation, leading-edge products, technological innovativeness, and service/quality leadership</td>
<td>Less innovative and leading edge nature of its products resulting in a more limited value creation capability</td>
<td></td>
</tr>
<tr>
<td><strong>Extent and scope of international strategy</strong></td>
<td>A niche-focused, highly proactive international strategy developed in geographically diversified markets around the world right from inception</td>
<td>A more reactive and less niche-focused international strategy. International markets are, in best case, developed serially depending on perceived psychic distance</td>
<td></td>
</tr>
<tr>
<td><strong>Selection, orientation, and relationships with foreign customers</strong></td>
<td>Narrowly-defined customer groups with strong service orientation and close customer/client relationships</td>
<td>Controlled by intermediaries at the earlier stages of internationalization</td>
<td></td>
</tr>
<tr>
<td><strong>Strategic flexibility</strong></td>
<td>Extreme flexibility to adapt to rapidly changing external conditions and circumstances</td>
<td>Limited flexibility to adapt to rapidly changing external conditions and circumstances</td>
<td></td>
</tr>
</tbody>
</table>
2.3 Networks and the role of the entrepreneur

Oviatt and McDougall claim that knowledge is a unique resource that enables INVs to gain competitive advantages in foreign markets, as for example the case of technology-orientated firms (Knight, Cavusgil, 1996, pp. 11-26). The firms’ core competencies in several newly upcoming industries (e.g., information technology, biotechnology, etc.) are based on their sophisticated knowledge (Oviatt, McDougall, 1999, pp. 25-40; Rialp, Rialp, Knight, 2005, p. 26). Consequently, the factor of knowledge has been identified by many researchers as a crucial driver for the internationalization process of INVs (Johanson, Vahlne, 1977, pp. 23-32; Oviatt, McDougall, 1994, pp. 45-64; Blomstermo, Sharma, 2003, pp. 16-35; Knight, Cavusgil, 1996, pp. 11-26; Madsen, Servais, 1997, pp. 561-583).

The other characteristic of an INV is deduced from its international business networks, which is regarded as a voluntary association of independent actors which seek to gain a competitive advantage by globally sharing resources (managerial knowledge, technology, capital, etc.). Newly established enterprises, which often suffer from a lack of resources (Oviatt, McDougall, 1994, p. 54), conditional upon their size, depend on reliable business networks to venture internationally.

Networks assist INVs to identify opportunities such as new markets and new customers and may help to obtain further orders through a completion and expansion of their own range of products and services. According to Oviatt and McDougall, networks work informally (Oviatt, McDougall, 1994, pp. 55-57), through the existence of mutual trust between the involved parties (Leibeskind, 1996, p. 94). Consequently networks are indeed an important instrument for an INV to compensate its lack of tangible/intangible resources and help to gain information about foreign market conditions. Nevertheless, opportunistic behaviour of a network partner represents an important risk for an INV.

Networks are established and developed through interpersonal communication of the people involved. Harveston et al. assume that INVs are led by people who have both personal international experience and a distinctive openness towards multi-nationality (Harveston, Kedia, Davis, 2000, pp. 92-99). The INV’s mission and culture is mainly influenced by its founding entrepreneur. He/she is the one who initiates the business and determines the firm’s international activities. Entrepreneurs speak several languages and feel familiar in diverse national cultures. The INV’s country of origin is determined by the country in which the founding entrepreneur feels comfortable (Madsen, Servais, 1997, pp. 561-583; Karra, Philips, Tracey, 2008, p. 443). According to Harveston et al., the INV’s rapid internationalization process mainly is caused by its founder, and his or her international competencies.
3. The case study of Elektro- und Anlagenbau Calau (EAC) GmbH, Germany

In the following case study, a SME from the Brandenburg region (eastern part of Germany) is introduced. The firm started to venture internationally straight after inception and today’s firm revenues are mainly generated in foreign markets. The firm can be seen as a successful INV, among others, because the present revenue is around ten times higher than in its year of foundation. Hence, the firm seems to perfectly fit according to the theoretical assumptions which describe an INV (Oviatt, McDougall, 1994, p. 49).

The case study targets to verify the value of INV determinants as found in the current IB literature. Therefore, the major research questions [RQ] are derived as follows:

[RQ1] Does the case study firm fit into the classifications of an INV as found in the current academic literature?

[RQ2] Does the founding entrepreneur fit into the schemata of an internationally experienced manager who focus on the international business activities? Does the entrepreneur have a clear international perspective?

3.1. Corporate overview

Located in the southern part of Brandenburg (Germany), the EAC GmbH (in the following sections named ‘EAC’) was established in December 1998 as a sole proprietorship by today’s managing director. In 2004, because of tax and liability reasons, the legal form was changed to a limited company.

The firm is primarily engaged in electrical installation works of the construction-ceramic industry. EAC offers technological solutions within the field of switchboard manufacturing (automation-control-engineering) as well as installation of cables, programming and start-up of assembly lines in clay brick plants.

Steel construction and engineering belong to the firm’s minor businesses which contribute a relatively small part to the firm’s total sales.

EAC’s business sectors:

1. Electrical installation in the ceramics industry (primary business)
2. Steel construction (secondary business)
3. Engineering (secondary business)
Figure 2. Revenue and employee development of the EAC GmbH from 1999-2008*

Since its foundation, EAC’s revenues and the number of employees, predominantly engineers, has increased continuously as visualized in Figure 2.

3.2. The entrepreneur and the business environment

EAC’s founding entrepreneur aged 25 when he started his own business. Before, he successfully passed a three year traineeship in electrical engineering. After traineeship he worked another two years in the parent’s business (sanitary facilities). Finally, he decided to gain his master craftsman’s diploma in electrical engineering in order to improve his qualification and knowledge.

Firms from the ceramic industry belong to EAC’s main customers. These enterprises manufacture machines for ceramic plants of clay brick manufactures, for example Wienerberger (Austria). EAC is responsible for the electrical installation for the clay brick assembly lines including cables, switchboards and the programming of the production lines.

Besides the electrical installations for the ceramic industry, EAC has smaller regional clients in the field of steel construction and services engineering. Such customers are for instance the local township, regional car dealers or even private households. Considering the business importance of each segment for

*Data provided by Elektro- und Anlagenbau Calau GmbH.
EAC, the case study concentrates on the ceramic sector and ignores the steel construction and engineering sector.

According to the “European Ceramic Technology Suppliers Association” (ECTS) the world market for machines which produce clay bricks is dominated by a few European firms. The European market for such machines is almost saturated, for example replacements or repairs only. Thus, firms involved in this field concentrate their efforts on new emerging markets where a huge demand for clay bricks exists. Markets such as the BRIC countries (Brazil, Russia, India and China) as well as countries in the Middle East (e.g. United Arab Emirates) are the main import markets for leading edge technology from Europe. There is no noticeable supplier of such clay bricks machines located in America.

3.3. Networking and the internationalization process

Over the years of business a close partnership has been developed between EAC and its main German customers. Due to the complexity of electrical installation, unique products and services have been developed by EAC. The supplier-customer relation is based on trust and reliability and targets to create a win-win situation for both EAC and its partners/customers. On the one hand, EAC receives follow-up orders and sustainable references in the ceramic market. On the other hand, EAC’s customers can rely on consistent quality of EAC’s products and services. Local partner firms complete EAC’s service portfolio.

Most of the German firms were acquired through previous networking contacts initialized by the entrepreneur’s father. In the beginning, EAC did business with these clients only which simultaneously caused a certain degree of dependency. During the years, EAC’s clients ventured internationally due to the saturated European market for clay brick manufacturing machines. EAC followed its German clients to the markets abroad (‘follow the customer phenomenon’). EAC’s positive industry reputation and newly created networking contacts with clay brick manufacturers from Saudi Arabia and Austria helped to expand EAC’s international business. The relation of domestic versus foreign business revenues is illustrated in below figure.
Figure 3. EAC’s export involvement from 1999-2008, measured by revenue in foreign markets in relation to EAC’s total turnover*

![Graph showing export involvement from 1999 to 2008]

*Data provided by Elektro- und Anlagenbau Calau GmbH.

The data underline that the importance of foreign markets for EAC increased significantly. However, the major part of foreign sales has been generated by German clients who ventured abroad (follow the customer phenomenon). In a next step, INV criteria as defined according to the literature review at an earlier stage of this paper are compared with the export performance of EAC.

Figure 4. Comparison of numerical INV determinants as found in the literature and EAC’s data*

<table>
<thead>
<tr>
<th>INV Criteria</th>
<th>According to the literature</th>
<th>EAC GmbH</th>
</tr>
</thead>
<tbody>
<tr>
<td>Firm’s age at international entry</td>
<td>less than three years</td>
<td>one year</td>
</tr>
<tr>
<td>Export involvement within three years after inception</td>
<td>25 percent</td>
<td>65 percent</td>
</tr>
<tr>
<td>Markets / continents covered within three years after inception</td>
<td>five markets / two continents</td>
<td>thirteen markets / four continents</td>
</tr>
</tbody>
</table>

*Dito.

[RQ1] Does the case study firm fit into the classifications of an INV as found in the current academic literature?
According to the comparison as illustrated in Figure 4, EAC is considered as an INV. However, the major part of EAC’s foreign business has been initiated by German firms which went abroad; the minor part of business is procured with firms with non-German origins. These firms are for example from Austria and Saudi-Arabia which underlines that EAC does not procure an incremental, international expansion process. The issue of ‘psychic distance’ obviously play a minor role.

In a next step, the key dimensions as formulated by Rialp et al. (2005, p. 139) which help to classify an INV versus a TE are listed and verified in light of the entrepreneur’s/interviewees responses as a result face-to-face interview.

Figure 5. EAC is regarded as an INV or traditional exporter (TE)?

<table>
<thead>
<tr>
<th>Key dimension</th>
<th>Attribute</th>
<th>Classification of EAC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Founder’s characteristics</td>
<td>Managerial vision</td>
<td>TE</td>
</tr>
<tr>
<td></td>
<td>Prior international experience</td>
<td>TE</td>
</tr>
<tr>
<td></td>
<td>Managerial commitment</td>
<td>TE</td>
</tr>
<tr>
<td></td>
<td>Networking</td>
<td>INV</td>
</tr>
<tr>
<td>Organizational capabilities</td>
<td>Market knowledge and market</td>
<td>TE</td>
</tr>
<tr>
<td></td>
<td>commitment</td>
<td>INV</td>
</tr>
<tr>
<td></td>
<td>Intangible assets</td>
<td>INV</td>
</tr>
<tr>
<td></td>
<td>Value creation sources</td>
<td>INV</td>
</tr>
<tr>
<td></td>
<td>Extent and scope of international</td>
<td>INV</td>
</tr>
<tr>
<td></td>
<td>Strategy</td>
<td>TE</td>
</tr>
<tr>
<td></td>
<td>Selection, orientation, and relation-</td>
<td>INV</td>
</tr>
<tr>
<td></td>
<td>ships with foreign customers</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Strategic flexibility</td>
<td>INV</td>
</tr>
</tbody>
</table>

Above interview outcomes target to answer below research question; [RQ2] Does the founding entrepreneur fit into the schemata of an internationally experienced manager who focus on the international business activities? Does the entrepreneur have a clear international perspective?

Interestingly, the entrepreneur neither indicates a strong global managerial vision nor he relies on fundamental international experience and overwhelming managerial commitment towards internationalization. It should be emphasized that these categories are regarded as important characteristics of an INV by some scholars in the relevant IB literature (Oviatt, McDougall, 1995, pp. 30-44; Madsen, Servais, 1997, pp. 561-583; Harveston, Kedia, Davis, 2000, pp. 92-99). In spite of international experience, the entrepreneur intensively used existing networks to accelerate the firm’s internationalization process in the early years of the firm’s existence. As a verification of Oviatt and McDougall (1999, pp. 23-40)
concerning successful INVs, EAC’s strength is based on its industry specific knowledge, its long-term and trustful relationships and a sustainable business development (value creation sources) with local partners in Germany which opened the door for EAC to enter further international markets. The existence of unique intangible assets such as service, innovative technological products, and strategic flexibility, e.g., in order to meet particular customer requests, contributed to the EAC’s international success. In contrast to the research findings of Harveston et al. (Harveston, Kedia, Davis, 2000, pp. 92-99), the founding entrepreneur of EAC does not fit into the schemata of an internationally experienced manager who continuously pushes its firm towards internationalization. Rather the entrepreneur’s involvement in networks and the need to follow the firm’s main customers abroad initiated the rapid internationalization of EAC.

Conclusion

The literature review, as introduced in the first part of this paper, indicates that there are inconsistent numerical determinants available in the corresponding IB literature which serves to define an INV. Nevertheless, according to a common stream of literature contributions, the firm’s age at international entry (three years or less), the export involvement (25 percent of turnover or more), and the markets covered (not less than five markets/two continents), were defined as classification determinants of an INV for the empirical part of this paper. Based on these classifications, the case study outcomes verified that EAC is categorized as an INV.

On the contrary, the founder and current owner does not rely on international experience and does not have a strong managerial vision towards the firm’s rapid internationalization. These unique entrepreneurial characteristics’ are usually regarded as major reasons which differentiate an ‘international new venture firm’ from a ‘traditional exporter’.

Instead of an international vision of the entrepreneur, the embedment of EAC in industry networks and its innovative technological knowledge, a profound service orientation in line with long-term and trustful supplier-customer relations on the home market provoked the fast internationalization path of EAC. EAC’s local customers in Germany expanded to foreign markets and caused that EAC followed them to abroad (‘follow the customer phenomenon’). The issue of ‘psychic distance’ as claimed in the traditional models, which assume an incremental internationalization process is obviously negligible for the case of EAC (e.g. customers in Austria and Saudi-Arabia).
The research outcomes underline the importance of the network approach in current IB literature and allow deducing reasons of increased networking intensity against the background of globalized market patterns around the globe. Practitioners from other industries may use the case study of EAC to forecast future developments and success factors in their businesses.

Besides above implications, qualitative research through the case study method has limitations. Based on one individual case consideration, the derivation of general legitimacies tends to be risky. Nevertheless, the authors assume, that there is not better research method than a firm case approach to study complex issues linked with an INV internationalization process.

The research conclusions invite for further empirical studies regarding INV characteristics, the importance of industry networks for business success and the increasing challenge for suppliers ‘to follow their customers’ to abroad.

References


Jones M.V. (1999): The Internationalization of Small High-Technology Firms. “Journal of International Marketing”.

189


190


191