Chapter 5
Challenging the Theoretical Lenses of Internationalization:
A Case Study Analysis

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ABSTRACT

Internationalization involves an active behavior to compete in international markets. Several theories, as well as several entry modes, have been developed to explain why and how firms compete internationally. Nevertheless, the internationalization process is difficult to implement as it involves not only historical reasons, as well as traditional strategies that sometimes are usually not questioned by the firm. This chapter aims to depict a case study in which a firm is trying to deploy an opportunity-driven internationalization, shifting its traditional modus operandi. The firm is analyzed based on several theories, namely the Uppsala model, the network-based theory, the born globals and the born again globals, and it is possible to conclude that despite its more than 80 years of existence, neither of the four theories can be properly used to explain the firm's international behavior. Moreover, to embrace international challenges, the firm needs to reposition its traditional business behavior.

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INTRODUCTION

Internationalization is very important for firms across the world. It is important for a wide range of firms, including small and medium-sized firms (SMEs) as internationalization is a dynamic process that is the result of the exploitation of competitive advantages (Stanisauskaite & Kock, 2016).

The globalization of markets and production, underpinned by a pervasive technological change, has made the business world a common "battle ground" for all companies whether large, medium or small. On the other hand, international competition is ever present even for firms competing in their "local" markets (Ribau, Moreira, & Raposo, 2015). As such, internationalization is ever present in basically all contemporary business activities. However, if some companies choose not to export, therefore not competing in international markets, others fail to compete abroad as a result of their lack of competitive advantages (Stanisauskaite & Kock, 2016).

Internationalization is a strategy aiming at expanding and creating an integrated network of contacts and partners when firms seek to expand to new markets, despite the firms' risk embarking on international ventures (Dominguez, 2016). Although the less risky mode of entry in international markets, exporting can be very difficult as it is a dynamic and complex process separating buyers and sellers in international markets. As such, companies need to be aware of the international business context. However, non-exporting companies seek challenging objectives, such as export-led sales growth, growth output and increased profits from foreign markets. For that they need to be tuned to increase their competitive advantage.

According to Welch and Luostarinen (1988), internationalization refers to the process of increasing involvement in international activities and is related to how the firm explores international markets. Many studies analyze the internationalization process based on two main strands: the Uppsala model, that advocates an evolutionary, sequential and linear model with growing international involvement (Ribau et al., 2015); and the network-based view of the firm (Håkansson & Snehota, 2006), based on a relational-based perspective among market players.

However, those theories of internationalization do not fully disclose the internationalization of a firm, especially from an entrepreneurial perspective based on a combination of innovative and risky behaviors at cross border level (McDougall & Oviatt, 2000). As such, *born global* and *born again global* firms are typologies that have been put forward to explain why firms internationalize rapidly or suddenly, based on entrepreneurial behaviors empowered by powerful, open minded entrepreneurs/managers, guided by the generation of new and innovative ideas, with riskier decisions and able to detect unique opportunities at an international level. This leads to the creation of a much more motivating, attractive and ambitious environment inside the company (Bell, McNaughton, & Young, 2001).