

Chapter 16


Does Theory Really Fit Real Life Situations?

A Case Study on the Internationalization Process of a Technological Service-Based Firm

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ABSTRACT

This chapter analyzes the strategic international formulation of a SME technological service-based firm to perceive the internationalization theory that best suits the company throughout its history. The literature review of the most studied internationalization patterns—Uppsala Model, Born Globals, Born Again Globals, and Born Regionals—allowed comparison of the main characteristics of each theory vis-à-vis the firm's internationalization. A synthesis table summarizes the main characteristics of the internationalization process of each model and presents a clearer view of the particularities of each. Analysis of the primary data and interviews provided by the company's CEO made it possible to compare the internationalization process adopted by the company with those characteristics, facilitating the process of identifying the strategy followed. The present case study took into account the theoretical model with the greatest similarity of characteristics with the path followed by the firm, as well as its learning and future plans.

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INTRODUCTION

With the globalization process, firms have changed their international behavior according to the dramatic shifts in the international environment. As such, the understanding of internationalization has been changing over time as a result of different interpretations of frameworks, theories, and basic assumptions (Ribau et al., 2015; Ietto-Gillies, 2012). Due to the growing international competition, several models and theories of internationalization have been used to categorize firms, namely small and medium-sized firms (SMEs), according to their internationalization behavior.

In their account on the evolution of internationalization, Ribau et al. (2015) provide a schematic analysis of the main internationalization theories, their focus and their underlying assumptions following a historical timeline. From this account, it is clear that economic theories have given way to behavioral theories and that the entrepreneurial perspective is emerging as a critical viewpoint in explaining the internationalization of SMEs.

If the Uppsala model has been extensively used, scale, scope, and speed are now essential tools used to categorize firms as born globals (BGs), born regionals or born again globals (BAGs), complementing traditional perspectives as the Uppsala model or the network-based approach. However, it is not uncommon nowadays to realize that some firms are labelled as INV, BGs, micro-multinationals, BAGs or born regionals – as if they really were – and soon afterwards, one realizes that the firm has been improperly labelled. Although no single theory exclusively explains the strategic behavior of a firm, taking into account a single case study, OMEGA, the objective of this chapter is to approach and relate four different internationalization typologies to a real-life situation in order to highlight the importance of adequately designating the typology of the international strategy the firms are really following. For the main characteristics of four theories of internationalization are going to be analyzed in order to identify which one matches OMEGA's internationalization profile.

OMEGA is an SME that is specialized in communications technologies. It is characterized by substantial capabilities and experience in wireless applications and systems that are integrated and customized to the needs of each client. Founded in 2000, OMEGA is a communications engineering company with an active Research and Development (R&D) component. Thus, this firm serves as an excellent example for the discussion of the four different typologies of internationalization that have been used to characterize the firms – Uppsala model, BG, BAG, born regional – in order to identify which theory would best fit the internationalization pattern of OMEGA. For that, this chapter analyzes OMEGA's external and internal contexts, as well as its internationalization strategy. To do this, a literature review regarding the most studied models and with which ones the company shares characteristics related to its internationalization process (*e.g.*, Uppsala Model, Born Global, Born Again Globals and Born Regional) will be carried out in order to compare and contrast the characteristics of each theory in relation to the OMEGA process.

The chapter is divided into the following six major sections: (1) the introduction, (2) the literature review, (3) the methodology, (4) the case study, (5) the discussion of the theories applied to this case, and (6) the main conclusions.

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