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**"HOW DO NEW VENTURES DEVELOP ABROAD?
SIX FAST-GROWING CASES OF THE VENETO REGION"**

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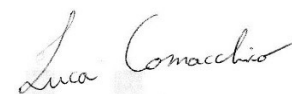
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读万卷书不如行万里路

*It is better to travel ten thousand miles
than to read ten thousand books.*

(Ancient Chinese proverb)

RINGRAZIAMENTI

Desidero ringraziare innanzitutto i miei genitori e la mia famiglia, per essermi sempre stati vicini, per non avermi mai fatto mancare il sostegno di cui ho avuto bisogno e per avermi permesso di crescere senza lasciar sfuggire le opportunità che ho incontrato in questi anni: senza di loro, infatti, non sarei mai riuscito ad affrontare importanti esperienze per soddisfare la mia irrefrenabile curiosità e realizzare i miei sogni.

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EXECUTIVE SUMMARY

This dissertation concentrates on a topic attracting the interest of researchers since the late 80s, in particular after Morrow coined the term in 1988: International Entrepreneurship, indeed, explains the phenomenon of rapid internationalization recently implemented by an increasing number of small and medium-sized enterprises, by integrating the entrepreneurship field of knowledge with international business studies. The theory analyzes how these companies manage to deal with foreign counterparts coming from different areas of the world almost from the moment of their establishment and how they implement their internationalization strategies: therefore, this thesis, as most of other studies concerning this subject, focuses its attention on International New Ventures. During the years academics developed conceptual frameworks concerning international entrepreneurship that highlighted the influence of several variables on the processes to expand abroad, such as entrepreneurs' features and skills, companies' resources and capabilities, the international surrounding environment and the opportunities triggering the internationalization processes. Concerning the last element, this dissertation adopts a perspective introduced in the last years by few researchers in order to broaden the domain of this internationalization theory: indeed, the opportunity-based approach to international entrepreneurship examines the processes through which entrepreneurs and companies manage to deal with foreign business opportunities, by focusing on the international opportunity as the main unit of analysis. Therefore, international entrepreneurship currently represents an interesting topic to further, first of all, because academics started to theorize on it quite recently, and secondly because an increasing number of companies in the last years approached foreign markets almost since the beginning of their business activities, managing to rapidly enlarge their international presence. Furthermore, these firms currently compete in an international economic environment providing plenty of business opportunities that could be exploited also by small enterprises with fewer resources than multinational corporations, and entrepreneurs are becoming more knowledgeable and are developing newer skills compared to the past ones. The theoretical analysis included in this dissertation firstly aims to illustrate international entrepreneurship theory, the evolution of its concept during the years, and to understand the development of international new ventures along with the most important variables affecting their process of expansion abroad. Secondly, given that Oviatt and McDougall (2005), defined international entrepreneurship as "the discovery, enactment, evaluation, and exploitation of opportunities - across national borders - to create future goods and services", the dissertation focuses on the notion of international opportunity, trying to understand how international new ventures' entrepreneurs deal with its features in order to efficiently implement their strategies to approach foreign markets. Furthermore, to support the theoretical analysis in the explanation

of the opportunity-based approach to international new ventures, the dissertation presents six case studies describing small and medium manufacturing firms established between 2006 and 2009 in the provinces of Padua, Treviso and Vicenza (Veneto region, north-east Italy), which managed to develop their international activities within 6 years from the establishment. The data gathered from the six companies, namely Flat Bag s.r.l., Full Spot s.p.a., Maikii s.r.l., Piron s.r.l., Plaber s.r.l. and Vigovo s.r.l., were helpful in understanding how entrepreneurs and international new ventures are currently dealing with foreign business opportunities and how they exploit them in order to enlarge the geographic area in which they operate. The six firms' internationalization processes were compared through a cross-case analysis concentrating on the international new venture's typologies, the entrepreneurial backgrounds before establishing the company, the international opportunities' sources, the processes of formation, analysis and exploitation of the first international opportunities, the environmental conditions affecting the internationalization processes and the potential entrepreneurial learning effect.

The integration of the findings related to the theoretical frameworks examined and the hints provided by the case studies allowed to derive eight propositions concerning how international new ventures manage to develop abroad through the management of foreign business opportunities. Furthermore, the dissertation proposes a "new" opportunity-based approach to international entrepreneurship on the basis of the theories and the case studies analyzed, highlighting that international new ventures' entrepreneurs usually cope with foreign business opportunities through a step-by-step process that allows them to progressively improve their own background and companies' practices and to understand how to integrate these two elements with new economic environmental conditions. The most important conclusion derived regards the fact that international new ventures' internationalization process is structured and it follows a clear pattern, even though they are generally small enterprises when they start to develop abroad: this is in contrast with the suggestions of former international business theories, such as the Uppsala stage model which stated that firms begin their foreign activities through occasional exports. In particular, international new ventures' entrepreneurs managed to develop structured processes of analysis on foreign business opportunities, based on information sharing with internal and external knowledgeable people and on the integration of different methods of evaluation that help them in focusing on many relevant variables in order to judge the feasibility and the risks related to each opportunity. Another important conclusion inspired from the empirical analysis is that usually entrepreneurs try to construct new opportunities in foreign markets, i.e. opportunities that are still not exploited by competitors, without acting as simple followers of the market leader as it generally happens to small enterprises approaching foreign countries for the first time. Furthermore, the case studies underlined the importance of the

surrounding environmental conditions as influencers of international new ventures' processes to develop abroad, since these variables progressively level out the differences between domestic and foreign markets, allowing entrepreneurs to perceive these two as similar entities and to think about the international expansion since the beginning of their business activities. The last relevant conclusion concerns the fact that the reiteration of approaches to foreign markets allows entrepreneurs to progressively learn how to better cope with foreign business opportunities by examining the right and wrong elements of the internationalization process: this leads them to reshape the processes to identify, analyze and exploit international opportunities and/or to identify potential best practices. Therefore, the internationalization processes implemented by these entrepreneurs should not be conceived anymore as simple linear patterns, since the identified entrepreneurial learning effect connects former experiences with future behaviour, progressively enhancing entrepreneurs' international awareness and accuracy in dealing with foreign business opportunities.

The dissertation is organized into four main chapters, with the first two describing the topic of international entrepreneurship and the opportunity-based approach according to the theories related to them, while the last two introduce the analysis of the case studies and try to integrate it with theoretical findings in order to understand the dynamics related to the topic.

In particular, the first chapter introduces international entrepreneurship through the main descriptions provided by the theorists since the late 80s, the definition of international new venture, the explanation of three conceptual frameworks and a comparison with the traditional theories of internationalization. The second chapter focuses the attention on the opportunity-based approach to international entrepreneurship, firstly by focusing on the notion of international opportunity, its sources and its main features, and secondly by illustrating three conceptual frameworks clarifying how entrepreneurs deal with foreign business opportunities in order to develop their international new ventures' activities abroad. The third chapter presents the case studies, by explaining how the data about the six international new ventures established in the Veneto region were gathered and reordered in order to investigate on their internationalization processes, considering the findings provided by the conceptual frameworks illustrated in the first two chapters. The fourth chapter compares the six firms according to the variables analyzed in the third chapter and re-elaborates them in order to derive eight propositions and a new conceptual framework explaining how recently-established companies manage to develop abroad almost since the beginning of their business activities. The last section of this dissertation provides several hints on how academics could broaden the domain of international entrepreneurship through future researches, in particular concerning the opportunity-based perspective.

CHAPTER 1

INTERNATIONAL ENTREPRENEURSHIP: ORIGIN AND DEVELOPMENT OF THE TOPIC

Introduction

This chapter focuses on describing International Entrepreneurship (IE) theory since its origins, explaining how the topic has been conceptualized during the years. The first paragraph provides the most relevant and accurate definitions useful in understanding the domain of the subject, while in the second one the concept of international entrepreneurship will be studied through the analysis of the different typologies of International New Ventures (INVs). Moving on, the third paragraph will describe three conceptual models explaining the internationalization process according to the international entrepreneurship theory while the last one will compare international entrepreneurship with the traditional theories of internationalization, in order to understand the main similarities and differences among them.

1.1 International Entrepreneurship: definitions and domain

International entrepreneurship started to catch academic researchers' attention in the late 1980s, when an increasing number of Small and Medium Enterprises (SMEs) actively pursued internationalization strategies and ventured into foreign markets. Morrow (1988, cited in Zahra and George, 2002), the first author to conceptualize and analyze the phenomenon, realized that the advanced technological environment and the new cultural awareness would have helped in the process of making accessible to companies once-remote foreign markets. Globalization and the gradual and economic liberalization contributed to this process as relevant drivers, by progressively lowering trade barriers through innovations related to technology, infrastructures and communication: many national boundaries and markets were opened to foreign products, services and labor, giving the chance also to young and small companies to plan their international expansion.

The theorists who provided the most important contribution to the development of the research concerning international entrepreneurship issues have been McDougall and Oviatt, who since 1989 provided three significant definitions of international entrepreneurship:

“The development of international new ventures or start-ups that, from their inception, engage in international business, thus viewing their operating domain as international from the initial stages of firm’s operation”

(McDougall, 1989)

In this first definition the author referred to international entrepreneurship as the establishment of international new ventures, emphasizing the concept of an immediate internationalization

process by the company since its origin, thus focusing the attention on the age at which firms become international and not on their size. In order to understand the motivations, the patterns and the pace of internationalization, McDougall (et al., 2003) developed further studies and in a subsequent paper enhanced the **International New Ventures**' notion describing "firms that began receiving revenues from international business activities while not more than 6 years old". The period of 6 years derives from a convention adopted by McDougall to classify companies as general "new ventures", because that slot of time revealed to be a crucial period determining the probability of survival for most of the companies (U.S. Small Business Administration, 1992 cited in McDougall et al., 2003).

During the years, however, many academic researchers used several labels to describe the phenomenon of INVs, adopting terms such as global start-ups, international SMEs (Knight 2001), infant multinationals or born globals (Rennie, 1993, cited in Jones and Coviello, 2005). As regards "born globals", even though the term has always been used as a synonym of international new ventures, it actually represents a slightly different concept, in a certain sense a subgroup of INVs. Indeed, Knight and Cavusgil (2004) defined born globals as "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". Therefore, both INVs and born globals are early and rapid internationalizing firm, but the international new ventures' definition includes a larger range of value chain activities and different foreign market entry strategies, while the born globals' one emphasizes sales activities. Moreover, another important aspect differentiating born globals from international new ventures is the fact that the first ones focus on the satisfaction of a global niche from the first day of their operations, as highlighted by Tanev (2012) in his study on hi-tech born globals. Zander (et al., 2015) analyzed the differences between the two entities through a further study, explaining that they develop and implement different strategies to face the environment in which they compete and to reach foreign customers. In particular, the author underlined the fact that INVs could approach foreign markets with more options than the mere exports, which on the other hand is the only way in which born globals manage to develop their international business activities.

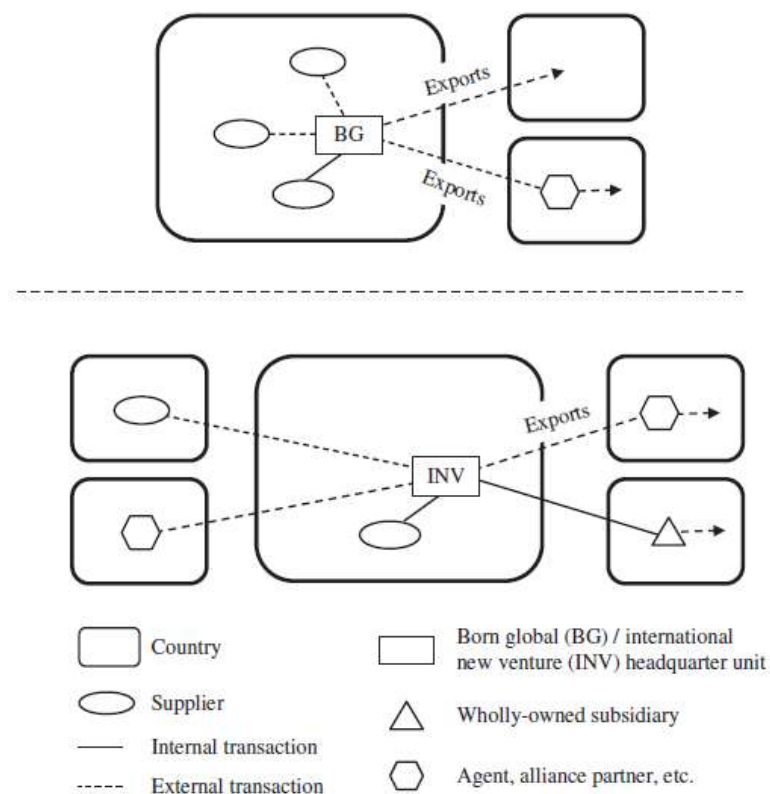


Figure 1. Alternative configurations for reaching foreign customers among rapidly internationalizing companies. Source: Zander (et al. 2015), fig. 1, page 31

Moreover, by carefully reading the following definition of international entrepreneurship it clearly appears that INVs and born globals should be considered only two facets of the international entrepreneurship macro-topic:

“International entrepreneurship is a combination of innovative, proactive and risk-seeking behavior that crosses national borders and is intended to create value in organizations”

(McDougall and Oviatt, 2000)

If compared to the first definition, it is possible to notice that the authors moved from the narrow concept of international new ventures to a more “entrepreneurial” vision highlighting three particular aspects of the human behavior:

- the inspiration to create something new or to modify something already existing;
- the desire to reach the goals through focused actions;
- the willingness to exploit opportunities even if sometimes they could be risky.

Jones and Coviello (2005) added to this definition that the process is “evolutionary and potentially discontinuous” and “determined by innovation”, giving importance not only to the power of entrepreneurial actions but also to the influence of environmental changes. Along with Jones and Coviello, Oviatt and McDougall were developing their studies on international entrepreneurship and the behavior of international new ventures, deriving the following definition:

“International entrepreneurship is the discovery, enactment, evaluation, and exploitation of opportunities - across national borders - to create future goods and services.”

(Oviatt and McDougall, 2005)

This definition of international entrepreneurship, probably the most accurate one, is the result of studies aimed at answering the question “Why, how and when do entrepreneurial firms discover and exploit opportunities outside their home country?”. The description provided by the two authors summarized the main features of the two definitions analyzed before, stressing that the actions of entrepreneurs moving outside their home countries should originate from opportunities and should be aimed at developing an outcome positively influencing the overall performance of the firm.

Moreover, as it is possible to note from these three definitions, international entrepreneurship is a wide subject, which derives and includes issues coming from both **entrepreneurship** field of knowledge and **international business** studies. In particular, the intersection between these two areas of research was clarified thanks to Oviatt and McDougall (1994), who tried to explain the domain of international entrepreneurship with regard to other academic literature about business organizations. They grouped existing theories about the two topics according to the geographical scope and the age of companies, realizing that international new ventures were gradually becoming an important phenomenon and that there was not a significant amount of literature concerning them.

		Geographic Scope	
		Domestic	International
Organization Age	New	I	II
	Established	III	IV

Significant amounts of literature

Figure 2. The domain of academic literature on business organizations. Source: Oviatt and McDougall (1994), fig. 1, page 48

The authors focused their studies on quadrant II of the table they derived, the domain of international entrepreneurship, since they noted it was the one lacking a substantial body of research, while the other three have been examined more during the years. In particular, quadrant I includes studies about general entrepreneurship at the local level, quadrant IV those regarding international business carried on by large companies and quadrant III in the past gave

the opportunity to improve knowledge relative to functional areas, considered the huge amount of researches conducted on large and established of companies.

Shane and Venkataraman (2000, cited in McDougall and Oviatt, 2003) highlighted the peculiar influence of entrepreneurship theory on international entrepreneurship investigations, defining entrepreneurship as an “examination of how, by whom, and with what effects opportunities to create future goods and services are discovered, evaluated, and exploited”. In this way, they emphasized the concepts of opportunities and individuals, by affirming that the last ones have the capability to create economic opportunities through specific actions thanks to their innovative, proactive and risk-seeking behavior. Zahra and George (2002) supported this vision by acknowledging the “importance of opportunity recognition, discovery and exploitation as a distinguishing characteristic of entrepreneurship” useful in the pursuit of a competitive advantage.

On the other hand, international entrepreneurship is considered the last developed approach useful in studying SMEs’ internationalization, given the fact that globalization and hyper-competition are relevant factors changing traditional strategies to enter foreign markets. In particular, Jones (et al., 2011) observed that companies following international entrepreneurship theory pursuit a dynamic internationalization pattern, with the dynamism mainly due to the diversity of entry modes, the speed and the intensity of international expansion. Therefore, it is possible to understand why this theory should be mentioned among the innovative frameworks related to internationalization processes, and in order to clarify the concept it will be better analyzed in the following paragraphs through a comparison with the traditional internationalization theories.

1.2 International New Ventures

The research on international new ventures flourished after international entrepreneurship theorists highlighted the importance of smaller and younger firms on the economic landscape and their distinguishing characteristics allowing them to internationalize rapidly. Bell (et al., 2003, cited in Jones and Coviello, 2005), for instance, analyzed several UK, Australian and New Zealander SMEs which during the 1990s and 2000s moved their operations in Eastern Europe, North Africa, South America and the Far East, managing to transform themselves from local-oriented firms into international level companies soundly coping with the increasing global competition. The findings on INVs’ internationalization paths presented characteristics incongruent with those of multinational enterprises theorized before international entrepreneurship.

Therefore, Oviatt and McDougall (1994) tried to explain international new ventures' main characteristics by identifying four main types of INVs according to two dimensions: the coordination of value chain activities across different countries and the number of countries involved.

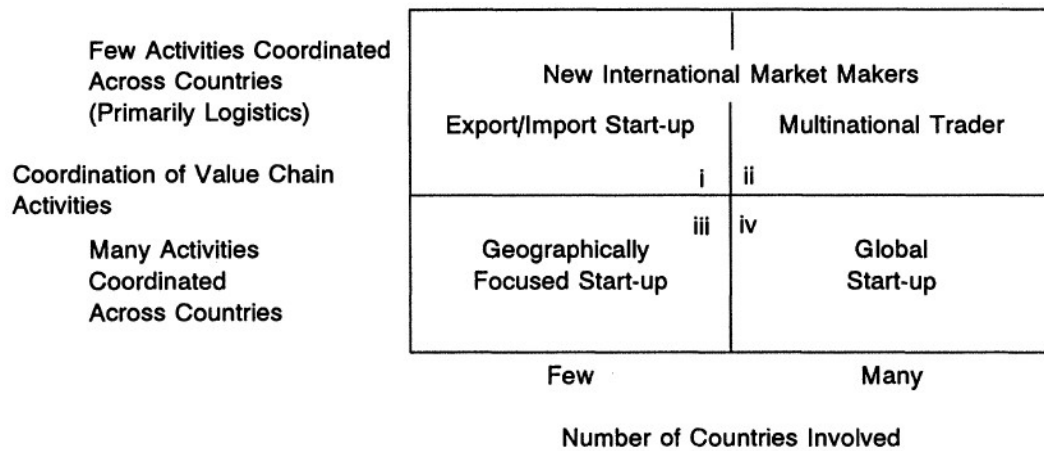


Figure 3. Types of International New Ventures. Source: Oviatt and McDougall (1994), fig.3, page 59

Through the analysis of these different types of international new ventures the authors managed to enhance McDougall's definition (1989) identifying an INV as “a business organization that, from inception, seeks to derive significant competitive advantage from the use of resources and sale of outputs in multiple countries”(Oviatt and McDougall, 1994).

Furthermore, in order to better examine the different INVs' typologies the authors adopted Porter's (1985) value chain model, adapting the depiction of Multinational Enterprises' (MNEs) international strategies, which was the original object of study, to their own analysis. The coordination of value chain activities can interest either few or many activities differently influencing internationalization: in the case of few activities coordinated across different countries, the authors clarified that usually INVs concentrate firstly on the management of sales, inbound and outbound logistics. Focusing instead on the second dimension characterizing INVs' typologies, the authors stated that it concerns the number of countries in which value chain activities complete their processes to reach the final outcome. Through the intersection of these two dimensions, the authors identified different competitive advantages related to each of these INVs' types, considering that the entrepreneurs of these firms have quite dissimilar visions and perceptions of the market if compared to those operating in already-established companies, an element that allows them to reach important profitability and growth goals.

By examining the first INVs' typology, it is possible to state that **Export/Import Start-Ups** trade goods in few markets which they already knew by coordinating a small number of activities across different countries, since they prefer exporting and importing to more complex structures. Moving on, **Multinational Traders** operate on a larger geographical area but they

still exploit low commitment investment strategies by focusing their sales in the countries with a higher demand for their products or services. The authors grouped up these first two kinds of enterprises for one particular characteristic they have in common, categorizing them as *New International Market Makers*: these two INVs' types, indeed, manage to exploit a location advantage thanks to their ability in discovering discrepancies of resources between different countries and in creating market demand in countries where there wasn't one before by coordinating few value chain activities across different countries.

Geographically Focused Start-Ups, the third typology of INVs examined, are concentrated on few markets of a specific area, with the chance of enhancing their value chain and to obtain location advantages, for instance thanks to the low cost of human resources or to a highly specialized market demand that could allow the firm to reach a higher profitability. According to the authors, their competitive advantage lies on the coordination of value chain activities such as technological development, human resources or production and, in order to preserve this specific competitive advantage, these international new ventures need to establish strategic alliances or cooperation agreements in the region where they are operating.

Global Start-Ups instead work on a global scale, connecting countries all over the world through their value chain activities; these companies keep on searching for opportunities in new countries in order to enlarge their own network and expand abroad their business, even if the global value chain management requires a huge amount of resources and a high level of coordination to be successful. Value chain activities' coordination, indeed, is the main source of sustained competitive advantage for global start-ups, since these INVs could extend it to a geographical area almost unlimited thanks to a proactive research of opportunities aimed at acquiring resources and selling the deriving outputs, getting out the greatest value from them. Even though the four typologies of INVs present specific characteristics and can reach different competitive advantages, it seems that the main source of advantage for all of them is the same: the entrepreneurial ability to deal with foreign opportunities, which will be further examined in the second chapter. It should be added that learning about the existence of international opportunities is becoming easier and faster not only thanks to globalization, which has progressively lowered the costs to move abroad, but also thanks to other variables as the internet: International Data Corporation published a paper (Turner et al., 2014) remarking the importance of the web and of the digital universe for firms, with a forecast of an increasing number of people and enterprises doing everything online and using data in new ways, for instance to "learn about customers, accelerate business cycles and flatten organizational structures". This in the future will unleash several business opportunities worldwide, provided that from 2013 to 2020 the digital universe is expected to become 10 times bigger, with enterprises spreading out

more than 85% of the total amount of data on the web and developing analysis in real time with a predictive and prescriptive approach.

Entrepreneurs' ability to create or discover international opportunities, however, is only one of the features an INV should be endowed with to be competitive on an international level: Oviatt and McDougall (1994), in fact, described four necessary and sufficient conditions to establish and maintain successful and sustainable international new ventures:

- 1) Organization conception and development through internalization of some transactions;
- 2) Focus and reliance on less costly governance structures to access resources;
- 3) Acquisition of foreign location advantages which could become sustainable through private knowledge, either owned or created;
- 4) Control over adequate unique resources.

1.3 International entrepreneurship conceptual models

Once understood the domain of international entrepreneurship and the characteristic of the companies illustrated as international new ventures, this paragraph will analyze several frameworks explaining the internationalization process according to this theory. The three conceptual models developed by Oviatt and McDougall (1994), by Zahra and George (2002) and by Jones and Coviello (2005) appear to be the most complete ones related to the issue, given the relevance they put on the role of entrepreneurs, the company and the environment in influencing the internationalization process, representing a good theoretical basis to introduce the Opportunity-Based Approach (OBA) to international entrepreneurship explained in the next chapter. The first model has been the forerunner to most of the studies about international new ventures, helping to understand which features an INV should own to reach a sustainable competitive advantage. The second theoretic pattern, instead, provided an analytical description of international entrepreneurship's dimensions and explained how some specific variables can influence the process to reach the competitive advantage. The last framework summarized and reordered all the concepts and variables included in the two aforementioned models and tried to explain how an international new venture could pursuit its international strategy to reach a final performance, creating a knowledge helpful in improving the process during time.

1.3.1 Oviatt and McDougall's 1994 framework

Oviatt and McDougall's (1994) model lies on their definition of international new ventures and explains the steps of the process leading to the formation of sustainable INVs. The framework is represented in the following graph (Oviatt and McDougall, 1994), with the boxes showing economic transactions of particular interest and the arrows reporting the four aforementioned

necessary and sufficient conditions to establish and maintain sustainable international new ventures.

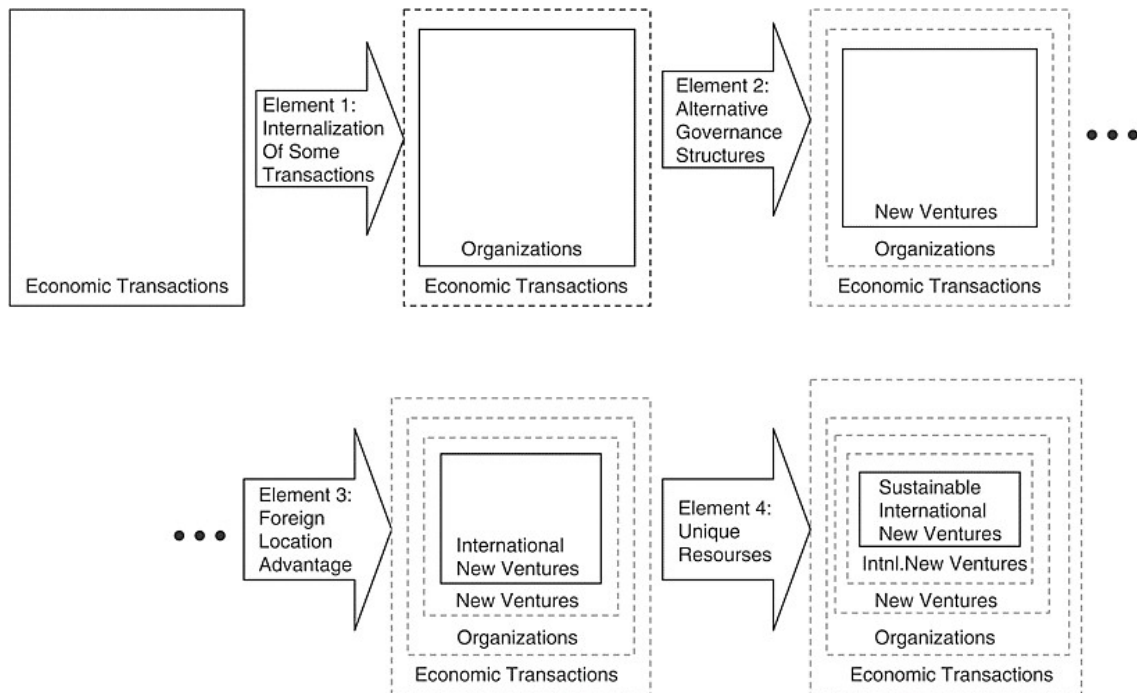


Figure 4. Sustainable international new ventures' development process. Source: Oviatt and McDougall (1994), fig.2, page 54

The authors started to theorize this pattern when they realized that new ventures adopting an international point of view and facing foreign competition with an increasing number of entrepreneurs were developing their international activities through a different process than the one proposed by the traditional stage theory of internationalization (Johanson and Vahlne, 1977). The model proposed by Oviatt and McDougall, however, is still developed in different stages and it presents elements derived from the description of MNEs' existence such as transaction cost analysis, market imperfections and internalization of crucial transactions on an international level. The authors stressed the fact that the focus of their paper was not on the size of the firms, but on the age when they become international: in this sense, former entrepreneurship theorists already studied how new ventures manage to control essential resources through their possession (Stevenson and Gumpert, 1985, cited in Zahra, 2005), without caring about their size.

According to Oviatt and McDougall, the process to establish sustainable INVs attracts the attention of entrepreneurs on progressively narrower subsets of transactions, beginning with general **economic transactions**: the analysis of how firms internalize some transactions helped to progressively shift the focus from transactions governed by markets to transactions taking place within the organizations. This opinion is supported by traditional theories on MNEs developed by Coase (1937, cited in Oviatt and McDougall, 1994) and Williamson (1985, cited in Oviatt and McDougall, 1994) asserting that organizations are founded when there are market

imperfections, i.e. market prices govern inefficiently economic transactions. In particular, the authors stated that **organizations** internalize a transaction in the moment when transaction's costs of generating and implementing contracts and supervising the performance of contractors became lower than those found on the marketplace.

Once the transactions are internalized, entrepreneurs are involved in searching less costly governance structures to rely on, in order to establish efficient **new ventures**, due to the fact that new ventures usually do not hold a sufficient amount of resources to manage many assets through ownership. If compared to already established firms, this creates a huge difference in the management of transactions by new ventures, in the sense that they exploit hybrid alternatives such as licensing or franchising, given they better control the exchange of resources under conditions of moderate asset specificity and low to moderate disturbance frequency (Williamson, 1991, cited in Oviatt and McDougall, 1994). These kinds of partnerships are not always positive for the fact that, while partners are sharing complimentary assets to reach mutual benefit, they leave spaces for opportunism, which can lead to a failure harming companies' performance. In order to moderate this risk, entrepreneurs can develop networks based on cooperation as a social form of control, involving trust plus business and personal reputations (Dubini and Aldrich, 1991 cited in McDougall and Oviatt, 2003), still keeping at a minimum level the internalization to avoid asset expropriation by deceptive partners.

Moving on, the third step of Oviatt and McDougall's IE model consists in the pursuit of a foreign location advantage through the shift across national borders of moveable resources, mostly intangible ones, to be combined with other assets or market opportunities, giving birth to **international new ventures** with larger transactions in geographic scope than those of ventures operating only within their domestic market.

The last step of this framework, inspired by Barney's (1991) resource-based theory, points out that the control upon unique resources is the only necessary and sufficient condition an INV needs to own to be established and maintained in a **sustainable** way. Among these unique resources, Oviatt and McDougall included also the entrepreneur himself, who thanks to his behavior and actions usually manages to successfully integrate all the resources owned by the firm reaching the established goals.

Through this first framework the authors started a process of integration between the traditional concept of transactions' internalization and location advantage related to MNEs with the entrepreneurship research on governance structures and strategic management theories aimed at understanding the sources of a sustainable competitive advantage, explaining the existence of international new ventures. According to Oviatt and McDougall, several organizations followed this pattern while internationalizing, not only in the period they conducted the research:

for example, they considered the famous East India Company, chartered in London in 1600, as one of the first INVs in the history. Furthermore, the authors described the internationalization process implemented by two companies, both operating in the computer industry at the time they were theorizing their model, in order to demonstrate their theory was supported by empirical evidence: the first firm was selling a microprocessor prototyping technology thanks to a structure developed across Europe and United States, while the second one supplied desktop windowing computer software with operations established in the North American market.

McDougall (et al., 1994), along with Shane and Oviatt, certified that international entrepreneurship was a solid theory to describe INVs' internationalization process by analyzing the Logitech's case, another corporation competing in the computer industry, which split the headquarters between Switzerland and US to improve its global vision. Furthermore, the authors examined other 24 companies, which according to their internationalization strategies were classified as international new ventures, finding out that the phenomenon was related to the services industry in general and not only to high-tech companies.

1.3.2 Zahra and George's 2002 framework

The international entrepreneurship process theorized by Zahra and George (2002) considers the topic more in general than Oviatt and McDougall's one, without focusing only on international new ventures. The authors highlighted the fact that international entrepreneurship presents a multidimensional construct which could be differently influenced depending on three kinds of factors: the first ones, organizational factors, are depicted as "antecedents" of IE, whereas the last two ones, environmental and strategic factors, are considered "moderators".

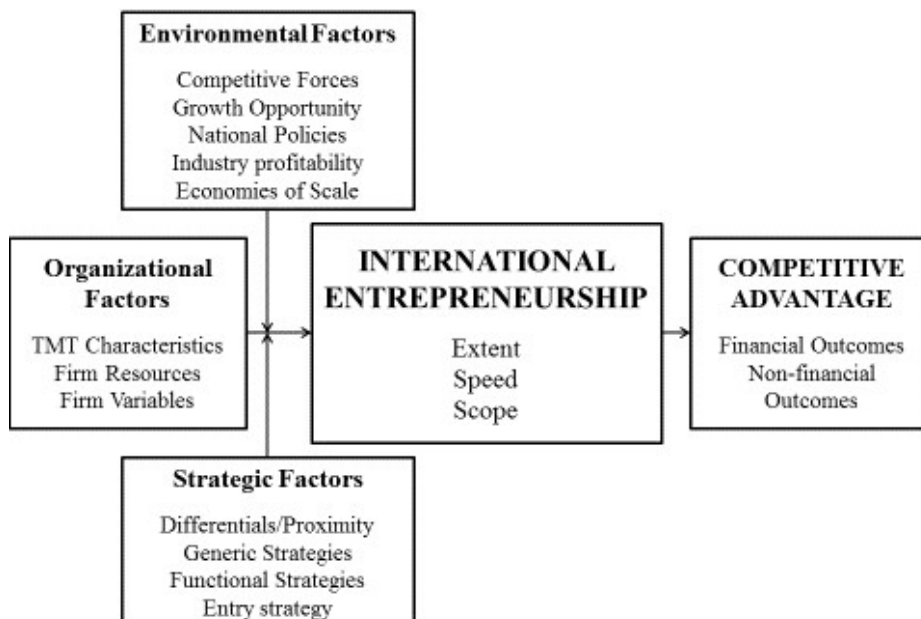


Figure 5. The International Entrepreneurship model. Adapted from Zahra and George (2002), fig.1, page 277

The authors conceived this framework by attributing a central role to international entrepreneurship and its three main **dimensions**, namely extent, speed and scope, and recognizing their relevance for companies' international operations as useful means to reach a competitive advantage. The three dimensions of international entrepreneurship acknowledged by the authors are the foundation on which companies usually build their international strategies and a different focus on each of these dimensions can significantly influence the nature and magnitude of the reachable competitive advantage. Firstly, the *extent* of internationalization reflects the number of new markets a company has entered or a company's dependence on international revenues and it is usually measured as the percentage of sales generated by foreign markets. Moving on, *speed* represents the pace at which the firm is able to reach and enter new markets, being generally measured as the length of time elapsed between the year of the venture establishment and the year of its first foreign sales. Lastly, the *scope* of internationalization depends on the unit of analysis considered: it could be either geographic scope, if based on economic regions, or product scope, if dealing with the breadth of the product mix effectively internationalized.

As written before, this multidimensional construct of international entrepreneurship should be activated and influenced by some variables in order to pursue the competitive advantage: the authors analyzed three main typologies of factors, namely organizational, environmental and strategic. In particular, the last two variables assume the role of moderators between organizational factors and international entrepreneurship dimensions, allowing to trigger the conditions making more attractive and lucrative internationalization than exclusively domestic operations: these conditions are described by the authors as the context of international entrepreneurship.

The first factor described is the effect of **company-related variables**, such as the Top Management Team's (TMT) characteristics, company resources and firm specific variables.

This model, as the previous one, underlines the importance of human resources employed in key management roles: an entrepreneur should have adequate former foreign work and education experiences, a growth orientation and a managerial parental background in order to become "an agent of change with the capacity and willingness to take risks in realizing his judgements, to be innovative and to exploit business opportunities in a market environment" (OECD, 2000). Hisrich (2012) added to these characteristics four others essential for entrepreneurs in order to be internationally successful, regardless their country of origin:

- 1) a strong desire to achieve;
- 2) the ability to establish an understandable global vision and create value in a different culture;

- 3) the tolerance towards ambiguity and uncertainty;
- 4) the ability to embrace changes in people and situations.

The author, referring to this last trait, highlighted the fact that international entrepreneurs are always willing to inspire people within teams, giving relevance not only to their human capital feature, but also to the social one, which is based on relationships.

Following the principles of resource-based theory by Barney (1991) it is possible to state that not only human resources can provide a strategic competitive advantage in internationalization process: indeed, Oviatt and McDougall (1994) showed that unique intangible assets such as knowledge, reputation and network strongly influence the speed and degree of internationalization. Zahra and George supported this opinion adding some peculiar characteristics of the firm, company's size over all, to people and firms' resources, considered determinant for the success of company's international operations. Antoncic and Hisrich (2000) demonstrated that the size have a significant effect on the pursuit of a competitive advantage by analyzing figures like the number of employees and the total amount of sales. Other relevant features a company should own are the financial strength and the capability to scan and analyze the surrounding environment, even if the first one, measured by past ROE and debt leverage, empirically showed scarce or absent relation with the degree of internationalization.

Moving ahead, company's surrounding **environmental factors** and their influence have been studied less than internal organizational factors: however, Zahra and Garvis (2000, cited in Zahra and George, 2002) recognized that the characteristics of and the forces of competition affecting an industry have a key role in determining international operations and the consequent financial gains. The intensity of domestic competition, sustained by saturation and limited growth of the domestic market, is not the only driver for companies' rapid expansion abroad, since also the international competition's intensity and governmental restrictive policies should be considered by INVs when approaching new markets (McDougall, 1989). McDougall studied also the effect of economies of scale's presence and the retaliation by industry incumbents on new ventures' international behavior, concluding that those variables create no significant differences between INVs' and purely domestic new ventures' internationalization approach. Furthermore, McDougall focused also on the different impact of local and international environment on company's internationalization, considering the phenomenon of different economic environments' progressive integration during the last years. For instance, Euro currency helped the integration among different European economic environments by reducing transaction costs, eliminating the exchange rate risks and increasing market transparency within the Euro Area (European Commission, 2007), providing several business opportunities to emerging entrepreneurs.

Zahra and George classified key **strategic variables**, considered as the effects of companies' competitive strategies on internationalization, into generic, functional and entry strategies; along with them, the authors included within these variables also strategic differentials. This last factor, also defined "proximity", indicates the amount of difference between the domestic and foreign countries, either in market practices, national culture or customers' needs and habits: as an example, distribution systems are quite different for every country, thus influencing the way in which organizational factors affect international entrepreneurship.

As regards generic strategies, case studies demonstrated that differentiation and low cost strategies have a positive relationship with internationalization, affecting its degree and speed (Bloodgood et al., 1996, cited in Zahra and George, 2002), helping companies in reaching a sustained competitive advantage in the international market arena. On the other hand, several academic researchers focused on how functional strategies could concern international entrepreneurship, finding out that INVs put less efforts on distribution and marketing strategy than domestic ventures (McDougall, 1989), thus emphasizing the higher value of production competence, especially if it is aimed at expanding the business abroad. Concerning the last strategic variable, it is possible to notice that international new ventures have been briefly examined according to their entry strategies: McDougall (1989) showed that INVs usually prefer more than domestic ventures a large-scale entry strategy, while Beamish (1999, cited in Zahra and George, 2002) stated that companies have the possibility to exploit several kinds of alliances in order to enter foreign markets.

Zahra and George theorized that in the end the influence of organizational, environmental and strategic factors on the internationalization process should lead to a **competitive advantage**, considered as a set of outcomes including financial and non-financial performance indicators. However, the studies taken into account by the authors didn't show any significant connection neither between financial performance, measured through firm income or return on assets (Zahra and Garvis, 2000, cited in Zahra and George, 2002), nor between non-financial one, measured through market share or technology learning and acquisition of new knowledge (Zahra et al., 2000 cited in Zahra and George, 2002), and international operations.

The framework found empirical evidences in Knight and Cavusgil (2004) who conducted a research on more than 200 US manufacturing firms established after 1980 exporting at least 25% of the production demonstrating that the company and the entrepreneur must show the aforementioned characteristics in order to reach a competitive advantage through internationalization. Furthermore, George along with Alexy and Autio (2011) examined the behavior of 10 Finnish firms with a rapid global expansion, of which 8 were INVs operating in the ICT industry, underlining that not only INVs can follow the IE internationalization pattern

as suggested by Zahra and George’s model. Finally, Casillas (et al., 2010), adapted Zahra and George’s international entrepreneurship pattern to the context of family business by conducting a survey on six family-owned business that became MNE, identifying in knowledge, family commitment and international orientation the most important factors for the internationalization process among the internal and external contingent variables.

1.3.3 Jones and Coviello’s 2005 framework

The conceptual model proposed by Jones and Coviello (2005) analyzed INVs’ internationalization as a time-based process of entrepreneurial behavior, dealing at the same time with issues identified by both entrepreneurial and international business studies. The authors recognized common aspects among the two different fields of knowledge such as “innovation, change, a cyclical process of behaviour and culmination in a specific value-adding event”, as concepts with a high potential of creating value for INVs capable of managing and exploiting internationalization opportunities.

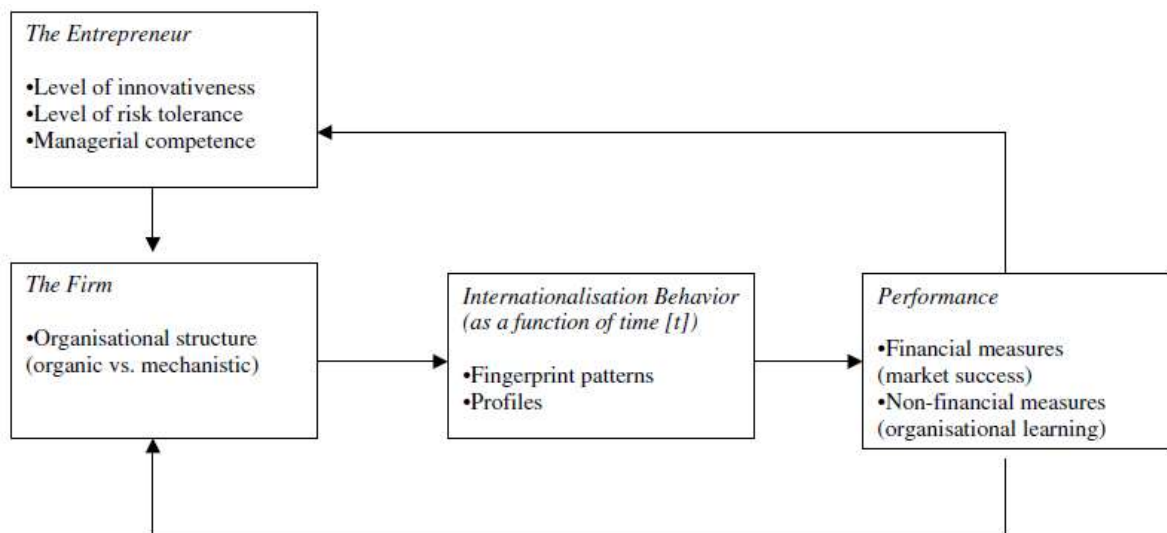


Figure 6. The International entrepreneurship model. Source: Jones and Coviello (2005), fig.4, page 297

Differently from the former two patterns, this one is circular and potentially iterative, with the possibility of enhancing every factor in the scheme thanks to the learning effect derived from behavior and performance. This framework describes a dynamic innovation process where internationalization behavior is a consequence of entrepreneurs’ and firms’ actions and decisions carried on to react to internal and external factors causing a continuous change process in relation to time, experiential learning and knowledge.

As in the previous models, the **entrepreneur** is considered a factor influencing INVs’ internationalization process, but in this case he does it indirectly, by affecting the company’s organizational structure through his innovativeness, risk tolerance and managerial competence (Chandler and Hanks, 1994, cited in Jones and Coviello, 2005). Furthermore, in this model the

entrepreneur has been studied also from the social capital point of view, analyzing how his networks and contacts can affect the internationalization process.

Jones and Coviello acknowledged the **firm** as the variable directly determining internationalization behavior in their framework, especially through its organizational structure that could be whether organic or mechanistic. The classification concerning the organizational structure depends on the kind of environment faced by the firm, the level of integration and communication, the differentiation of tasks, the decision making centralization and the standardization level the company presents (Burns and Stalker, 1961). Moreover, this model recognizes the importance of resources and of a consistent product offer as other important features an INV should show, in line with Barney's (1991) theory.

Moving on, to better explain **internationalization behavior** the authors defined its first variable, *fingerprint pattern*, as “a composite of the number and range of cross-border business modes established by the firm, and the number and distance of countries with which those modes were established, at a specific point in time” (Jones and Coviello, 2005). According to the authors, this factor helps in measuring INVs’ international commitment and involvement at any time, given that market choice, mode of entry and speed rate of internationalization are directly affected by firms’ level of organicity. The second dimension of internationalization behavior is its *dynamic profile*, describing changes and developments of the business modes and the countries involved within international strategy during time.

As in the previous models, the international process leads to an outcome: in this case it is company’s overall **performance**, which like in Zahra and George’s model could be measured through financial or non-financial measures, respectively market success and organizational learning. These two indicators, however, should not represent the end of the process, because in the vision of the authors there exists a learning loop that improves every time both entrepreneurs’ and firms’ decision processes, leading to the establishment of sustainable international new ventures thanks to the exploitation of the knowledge provided by learning and experience.

Jones and Coviello derived some important hints of their pattern basing on a survey conducted by Jones (1999) on almost 200 small high-technology firms developing international operations rapidly, in which she found out that companies’ internationalization was the result of interrelated and integrated decisions and processes, without recognizing the learning effect.

Bruneel (et al. 2010) supported the model proposed by Jones and Coviello demonstrating through a case study the experiential learning effect on the extent of internationalization, analyzing empirical data on 114 young technology-based Belgian firms.

Concluding, Dib (et al., 2010) proposed an international entrepreneurship model with influencing factors similar to the one presented by Jones and Coviello, adding several network-level variables, still without mentioning the learning effect. The survey, conducted on 79 Brazilian software companies, remarked the differentiation of internationalization processes between 35 born global firms and already established companies, caused mainly by entrepreneurs' and firms' traits, while network-level factors introduced in Dib's model seemed not relevant on the behaviour of the companies examined.

1.3.4 Comparison among International Entrepreneurship frameworks

This paragraph provides a general overview about the three international entrepreneurship models analyzed in the previous paragraphs, presenting several common and different aspects among them, in order to clarify the main features characterizing the topic. The three frameworks of Oviatt and McDougall (1994), Zahra and George (2002) and Jones and Coviello (2005) are among the most cited from researchers treating issues related to international entrepreneurship: indeed, they highlighted the fact that international entrepreneurship is a theory including elements correlated to both entrepreneurial and international business spheres of interest, making clear once again the origin and the domain of the topic.

The most important feature common to the three frameworks illustrated is the relevance they put on the **entrepreneur** and on its role, considered a fundamental resource helpful in determining the internationalization strategy to be implemented and the consequent overall performance of the company. Moreover, the three conceptual models underline the importance of **firms' capabilities** and specific **resources** in influencing the internationalization process: as concerns companies' resources, the authors conceived them with similar characteristics to those depicted in the resource-based view described in the next paragraph. Another common issue presented by the three models relates to the **speed of the internationalization process**, since all the frameworks describe how companies managed to rapidly approach foreign markets, considering time a significant variable. The last feature common to the three frameworks analyzed is the willingness by the company and the entrepreneur to implement a **successful international strategy** that allows to reach a sustainable competitive advantage.

Moving on to the differences, the main one has been already highlighted, since Jones and Coviello's model theorized an iterative process always enhancing the factors and the entire internationalization process, while the other two followed a linear pattern toward the final performance without acknowledging any learning effect. Another relevant difference is that Zahra and George in their model did not focus their attention only on international new ventures' context, assuming that their model could describe also already established companies'

internationalization processes, while the other theorists based their international entrepreneurship frameworks on a deep analysis of INVs' behavior.

Concluding, the last relevant difference between the models is related to the core concepts of each model:

- Oviatt and McDougall explained the four main elements helpful in establishing sustainable INVs: internalization of some transactions, alternative governance structures, foreign location advantage and unique resources;
- Zahra and George carefully analyzed the three dimensions of international entrepreneurship: extent, speed and scope;
- Jones and Coviello focused on the effects of entrepreneurial behaviour, time and learning on INV's internationalization process.

1.4 Traditional theories concerning internationalization processes

According to Wach and Wehrmann (2014) international entrepreneurship is one of the five theories attracting the interest of researchers into firms' internationalization process, the youngest and less developed in literature compared to stages model, the resource-based view, the network approach and the business strategy approach. These theories, along with the OLI framework, traditionally studied the internationalization processes of multinational enterprises, by taking into account big corporations rather than small and medium enterprises. However, they provided some interesting theoretic insights useful also in analyzing international new ventures' behavior; indeed, international entrepreneurship theory adopted some concepts of traditional internationalization theories, readapting them to the context of INVs. This context is characterized by developing economic, social and technological conditions: according to Oviatt and McDougall (1994), INVs through their speed, quality and efficiency in international communication and transportation could face these conditions successfully, even if some MNEs continued to gain advantage in this kind of environment thanks to their size.

International entrepreneurship, however, in Ratten's (2006) opinion differs from traditional international business theories because it analyzes the internationalization process from different perspectives, such as the individuals involved, the opportunities to be exploited, the type of business and government action, the environment in which companies operate, whereas the second one typically focused only on the corporations.

1.4.1 The stages models

The **Uppsala stage model** proposed by Johanson and Vahlne (1977) was the first used to explain firms' internationalization processes and it is still frequently used as a reference tool

for researches concerning international business theories. This traditional model, revised four times by its authors, recognized temporal and spatial patterns of internationalization, suggesting that firms approach foreign markets only when they manage to gain enough knowledge and experience in their domestic market. The process consists of four steps, with companies that, after having experientially learned how to deal with their domestic market, progressively increase their commitment in foreign markets by:

- 1) exporting their products through one-shot activities (sporadic export);
- 2) exporting through a structured process;
- 3) establishing a foreign sales subsidiary;
- 4) establishing a production plant/manufacturing subsidiary abroad.

Therefore, also according to Johanson and Vahlne, learning covers an important role especially concerning the knowledge about international market, which is influenced by experiential knowledge of the market, institutions and internationalization process. The authors in their theory underlined the concept of psychic distance comparing and measuring different countries in terms of cultural similarities, stating that companies prefer to move to countries with a lower psychic distance compared to their own one. Psychic distance resembles Zahra and George's (2002) concept of strategic differentials, but it has a littler domain, given that strategic differentials could measure the difference between two countries not only in terms of national culture, but also in terms of market practices or customers' needs and habits. On the other hand, international entrepreneurship theory proposed a different internationalization pattern, acknowledging that currently the majority of companies manage to bypass the incremental steps process and to operate on an international level virtually since their inception, directly learning from capabilities, competences and technologies already existing in the surrounding environment exploiting them to reach future profitability and growth. Moreover, another aspect that differentiates IE from the Uppsala model is that, according to the first one, international new ventures' entrepreneurs usually manage to develop their business activities abroad since the first years after the establishment also in countries with a great psychic distance from their country of origin.

The second stage model, the so called "innovation-related", is less famous than the pattern proposed by Johansson and Vahlne: Gankema (et al., 2000, cited in Ruzzier et al., 2006) considered every step of the internationalization process as an innovation phase for the firm. In his theory, the author recognized three main stages, namely pre-export, initial export and advanced export, in which the company focuses on reaching different goals and manages to grow thanks to the resources it owns. This internationalization theory suggests that a company in order to be successful in its international development needs to stress individual learning

processes and strengthen top managers' key features, both relevant aspects in the aforementioned international entrepreneurship conceptual frameworks.

1.4.2 The resource-based view

The **resource-based view** (RBV) states that companies owning a unique set of resources usually manage to face more internationalization opportunities and to exploit them better than firms not owning them (Wach and Wehrmann, 2014). Moreover, this kind of resources are essential for firms in order to overcome the additional costs of cross-border operations and to be strong while competing in foreign markets. During the years, however, strategic planning approach shifted its focus from resources to market, with academics analyzing the interaction of the company with competitive forces, still considering relevant elements such as managerial and entrepreneurial skills, capabilities and competences. This stream of economic literature clearly inspired international entrepreneurship conceptual models, given that the last ones contemplate company's human and physical resources as essential factors affecting the whole internationalization process. Focusing on company's internal resources, a specific branch of resource-based view is Barney's (1991) VRIN framework, in which the author identified four main attributes every resource must show in order to provide a strategic competitive advantage to the company holding them: they should be Valuable, Rare, Imperfectly imitable and Non-substitutable. Barney, however, revised his theory through the development of the VRIO framework, by adding that in order to reach the sustained competitive advantage resources should be costly to imitate (I) and companies need to be organized (O) to capture the value of the resources. Grant (1991, cited in Ruzzier et al., 2006) developed a different framework from the one proposed by Barney, suggesting that resources must be durable, transparent, transferable and replicable, thus recognizing the importance of intangible knowledge-based resources in implementing an internationalization process that could lead to a strategic competitive advantage.

Oviatt and McDougall (1994) in their framework asserted that new ventures don't necessarily need to own resources to internationalize their operations, since they have the chance to access them through entrepreneurial actions aimed at creating value. This is consistent with the fact that usually INVs lack resources to develop abroad, in particular financial ones, and experience given their youth, forcing them to exploit innovative strategies in order to gather new resources, such as networks or strategic alliances. Roudini and Osman (2012), however, carried on studies in contrast with the statements of Oviatt and McDougall highlighting the influence of entrepreneurial capabilities, human skills which need resources, people and timing to perform well when facing new market opportunities. This capabilities' stream of literature is relevant

for international entrepreneurship theory as testified by the three models previously analyzed and also by Zhang (et al., 2009, cited in Roudini and Osman, 2012), who conceptualized **international entrepreneurship capability**, characterized by five main dimensions affecting INVs' international behavior and final performance. The first dimension is *International Networking Capability*, which allows companies to establish connections with their foreign counterparts, thus determining their position in international markets. The second dimension of IEC is *International Marketing Capability*: according to Song (et al., 2008, cited in Roudini et al., 2012) it is based on customers' knowledge and on the ability to target markets, to advertise and to establish a price through an integrated strategy. Moving on, *Innovation and Risk-Taking Capability* is the third dimension of IEC, reflecting the firm-level ability to manage innovation that can be relevant to the evolution process. This organizational capability is undoubtedly supported by international entrepreneurs' characteristics such as knowledge and creativity, and its concept is derived from both innovation-related stages model and general entrepreneurship's research domain. Related to entrepreneurs' knowledge is also the fourth dimension, *International Learning Capability*: defined as companies' capability to assimilate and reorganize information, it needs the support of entrepreneurs' experiential knowledge in order to be effective in differentiating firm's international performance. *International Experience*, the last dimension of IEC, is strongly connected to organizational and entrepreneurial learning: through it, indeed, companies can reduce the risks and the uncertainty while approaching specific foreign countries.

1.4.3 The network approach

The third theory Wach and Wehrmann related to the internationalization process of the companies is **network theory**, which highlights the importance of creating a network with suppliers, customers and other business' stakeholders. Entrepreneurs, in particular those involved in small and medium enterprises, exploit networks to create new or identify existing business opportunities, with the main aim of moving towards foreign markets, usually unknown and more difficult to reach. Furthermore, networking is a really powerful tool for entrepreneurs (Dubini and Aldrich, 1991 cited in McDougall and Oviatt, 2003) in order to gain access to resources, to improve their strategic positions, to learn new skills, to gain legitimacy, to cope positively with rapid technological changes, and to control transaction costs, as explained in Oviatt and McDougall's IE model. Therefore, the network perspective is useful not only in analyzing MNEs' internationalization processes, but also SMEs' ones, with a process consisting of three steps (Stuart, 1998):

- 1) *international extension*: the company generates relationships within new networks abroad;

- 2) *penetration*: the company develops the relationships within existing networks;
- 3) *international integration*: the company connects with networks in other countries.

The relevance of network theory within international entrepreneurship topic is highlighted also by Johanson and Mattsson (1993, cited in Ruzzier et al., 2006): according to them, companies should minimize the need for knowledge development through the adjustment and the exploitation of an established network position while pursuing an internationalization strategy in the first phases of their history.

1.4.4 The business strategy approach

The last theory mentioned by Wach and Wehrmann concerning MNEs' internationalization processes is labeled as **business strategy approach**: the theory elaborated by Root (1994, cited in Wach and Wehrmann, 2014) studied the decision making process related to internationalization, claiming that in the choice of a foreign market entry mode the entrepreneurs should take time. This process is quite long mainly for the fact that companies have to deal with external variables, such as the target country's market, production and environmental factors, and with internal ones, namely resource, commitment and product factors. Therefore, entrepreneurs should carefully consider that the entry strategy will affect future company's decisions and performance and that it is not always easy to transfer from a country to another once they committed themselves to one specific market. Perlitz (2000, cited in Wach and Wehrmann, 2014) instead, defined internationalization strategy focusing on the concept of action, which has to be transnational and has to be the result of a structured planning process. However, empirical researches by Garret and Covin (2007, cited in Wach and Wehrmann, 2014) showed that several companies have neither plans nor strategies concerning internationalization at the beginning of their international expansion process, thus generating ex-post strategies. On the other hand, this phenomenon is observed quite rarely on INVs, given that according to McDougall (1989) the internationalization process is immediate and it is the result of a specific strategy. Indeed, international entrepreneurship theory stressed the human factor, emphasizing the role of the entrepreneur as a key variable, considering strategy an evolutionary process which delivers guidelines for entrepreneurial initiatives.

1.4.5 The OLI framework

The **OLI framework**, theorized by Dunning (1988, cited in Oviatt and McDougall, 1994), focused its attention on MNEs' foreign activities trying to explain three particular kinds of advantages they can reach through Foreign Direct Investments (FDIs) when internationalizing. This theory, also known as eclectic paradigm, stated that the extent, the geographical and the

industrial composition of MNEs' foreign production can lead to Ownership, Location and Internalization advantages thanks to the interaction of interdependent variables. In particular, Dunning illustrated that ownership advantages are the result of specific assets owned by the company usually not available to the competitors, as in the aforementioned resource-based view. As regards international entrepreneurship, this element is highlighted in the first two patterns as a source of advantage, with already-owned resources that can be transferred to the countries approached by the company to exploit particular market opportunities.

Location advantages instead are experienced when locating in a specific geographic area is more profitable than producing in the domestic market; this kind of advantage is related to the first one, because the country in which the MNE moves can provide peculiar resources or can even present a favorable economic environment for the firm. In the specific case of international new ventures, which are usually of small dimensions, it is possible to state that usually they move to a new foreign country when they are already aware there are high probabilities of experiencing competitive advantages.

The last advantage indicated by Dunning is the internalization one, which shows when MNEs decide to produce on their own by establishing a subsidiary abroad instead of using contract-based forms of control such as exporting, alliances or franchising/licensing contracts. This kind of approach provides great advantages to MNEs, but in the case of INVs it is rarely applicable, given the small amount of resources and capital owned by them, suggesting instead investments with a lower level of commitment to approach foreign markets.

Dunning then applied its theory on three different types of market entry modes, namely foreign direct investments, exports and the remaining contract-based form of control, finding out that MNEs can reach ownership advantages through all of them, internalization advantages through the first two modes and location advantages only through FDIs.

Concluding, in this first chapter international entrepreneurship topic has been introduced through the most accurate definitions provided since its origin, and its domain has been described, finding out that IE integrates notions from both international business studies and entrepreneurship theory, gathering the concepts of cross-border activity, value creation and opportunity, which will be the core of the second chapter.

Moving on, international new ventures have been defined within international entrepreneurship context by identifying four different kinds of INVs capable of reaching different competitive advantages in relation to the value chain activities they coordinate across different countries and the number of countries involved in their internationalization strategies.

In the last two paragraphs, international entrepreneurship has been analyzed through three different conceptual frameworks proposed by Oviatt and McDougall (1994), Zahra and George (2002) and Jones and Coviello (2005) and through a comparison with the traditional internationalization theories, highlighting the key variables in INVs' internationalization process. The figure of entrepreneur resulted essential in the three conceptual frameworks as an influencer of the internationalization process implemented by the companies described as international new ventures: the next chapter will clarify the relationship between entrepreneurs and international business opportunities, focusing on this last aspect through the description of the opportunity-based approach to international entrepreneurship.

CHAPTER 2

THE OPPORTUNITY-BASED APPROACH TO INTERNATIONAL ENTREPRENEURSHIP

Introduction

After having analyzed the domain of international entrepreneurship studies, the second chapter will focus in the first part on the concept of international entrepreneurial opportunity, providing its definition, analyzing the sources and describing the main features of these opportunities faced by international new ventures' entrepreneurs. The second section will take into account the opportunity-based approach to international entrepreneurship, describing three frameworks focusing on the opportunity as main unit of analysis, illustrating its relationship with the entrepreneur, the firm and the international environment through a different perspective than the one of the international entrepreneurship models depicted in the first chapter.

2.1 The concept of international opportunity

The focus of this second chapter is on the concept of opportunity within the context of international entrepreneurship, which in the first years have never been directly mentioned in the main IE definitions, appearing for the first time in an Oviatt and McDougall's (2005) work. International entrepreneurship theory inherited the notion of opportunity from entrepreneurship studies applied to the domestic context, such as those carried on by Shane and Venkataraman (2000), who underlined that entrepreneurship "involves the nexus of two phenomena: the presence of lucrative opportunities and the presence of enterprising individuals". In addition to these two variables, international entrepreneurship theorists acknowledged the firm itself as a mean useful to exploit market opportunities, recognizing also the international environment among the relevant variables influencing the international process.

Ardichvili (et al., 2003, cited in Oyson and Whittaker, 2015) proposed another entrepreneurship theory significant for international entrepreneurship studies concerning opportunity identification process: the authors contributed to enlarge the entrepreneurship domain by carefully explaining the whole process, the antecedents of entrepreneurial behaviour and the consequent venture formation deriving from it.

Zahra and George (2002) confirmed that former opportunity recognition theories are relevant in the development of international entrepreneurship studies, asserting that their essential features are firms' and entrepreneurs' innovativeness in identifying a market opportunity, their ability in defining the value chain, selecting the target markets and identifying unique ways to reach potential customers.

Chandra (et al., 2009) remarked the relevance of opportunity recognition process in explaining the dynamics within the company before internationalization, arguing that by concentrating on the opportunity recognition process, international entrepreneurship and the other current internationalization theories have a great potential to further their domain. On the other hand, also the traditional international business theories described in the first chapter provided little explanations of foreign market opportunities' recognition process, usually taking it for granted without deeply examining it. In the Uppsala stage theory, for example, Johanson and Vahlne (1977) conceived push and pull factors as responsible for companies internationalization, referring respectively to situations in which there is a shortage of opportunity in the domestic market or a large quantity of emerging opportunities in foreign markets. Along with the Uppsala stage theory, the OLI framework and the network approach assumed the importance of business opportunities in international markets, but no one of them directly addresses the process of opportunity recognition. These traditional international theories influenced international entrepreneurship field of knowledge since the beginning, as written in the first chapter, along with entrepreneurship studies: concerning these last ones, of particular relevance are the descriptions of entrepreneurial opportunities, acknowledged as antecedents of international opportunities:

“Entrepreneurial opportunity is a situation in which new goods, services, raw materials, markets and organizing methods can be introduced through the formation of new means, ends or means-ends relationship”

(Eckhardt and Shane, 2003, cited in Chandra et al., 2009)

This definition underlines the concept of new economic activities' generation, the basis on which all entrepreneurship studies found, since the seminal works of Schumpeter (1934, cited in Mainela et al., 2014) and Kirzner (1973, cited in Mainela et al., 2014), two main theorists of the topic. Moreover, the generation of new economic activities highlighted in this definition conceives a broader view of opportunities than the one provided by Shane and Venkataraman (2000) in their entrepreneurial opportunity definition.

According to Oyson and Whittaker (2015), however, Shane and Venkataraman's (2000) definition does not recognize the behavioral and the cognitive dimensions of opportunities: the first one refers to the entrepreneurial ability of understanding the potential of specific opportunities to be exploited, while the second one directly relates to their exploitation.

Therefore, considering these two elements, the authors derived this definition of international opportunity:

An international opportunity is an entrepreneurially discovered or created situation that spans and integrates elements from multiple national contexts

in which new goods, services, raw materials, markets and organizing methods are conceived as having a potential for exploitation through entrepreneur-led action to form and transform them into new means, ends or means-ends relationships.

(Oyson and Whittaker, 2015)

It is important to notice that, along with the behavioral and cognitive dimensions, Oyson and Whittaker introduced the multinational context, indicating that in order to be international, entrepreneurial opportunities should cross national, historical, cultural, organizational and social borders. As regards the behavioral dimension of opportunities, according to Shane (2003, cited in Žur, 2015), entrepreneurs need to be intelligent, to be creative, to own a perceptive ability and to not see risks, four critical abilities in order to develop a global mindset and recognize international opportunities. Moving on to the cognitive dimension of opportunities, the authors recognized the entry modes by which companies approach the international market arena as the operationalized exploitation of international opportunities, providing examples such as “selling, exporting, or distributing their products, establishing an international office, hiring a sales agent, or entering into a licensing agreement” (Oyson and Whittaker, 2015). Concluding, this brief introduction of international opportunities, along with the following two paragraphs concerning their main sources and features, will be helpful in preparing the ground to the opportunity-based approach to international entrepreneurship, which explains how entrepreneurs think and make decisions while identifying and exploiting international opportunities.

2.1.1 International opportunities' sources

This paragraph, in order to better understand how international opportunities originate and how they are formed, will illustrate the sources helping the entrepreneurs in generating or discovering opportunities.

Drucker (1985, cited in Žur, 2015) has been one of the most influent entrepreneurship theorists and his studies concerning opportunities' formation and exploitation could be applied also to further international entrepreneurship knowledge: one of his most recurrent quotes is “results are gained by exploiting opportunities, not by solving problems” (Shore, 2014). Drucker, while developing his studies concerning opportunities' exploitation, deeply analyzed the first part of the process with the identification of seven main sources generating innovative opportunities: the first one consists in **unexpected events** caused by the market place, either successes or failures that entrepreneurs can face and manage in their everyday life.

The second source of opportunity is the presence of **market inefficiencies**, often resulting from information asymmetries across time and space, leading to a high demand for specific categories of goods: for example, MySpace was the market leader in the social network industry but it didn't manage to correctly understand and satisfy customers' desires, while Facebook and Twitter successfully exploited the opportunity.

In Drucker's theory also **technological progress** covers a key role in giving birth to opportunities, since it usually ends up in the creation of new knowledge, either scientific or non-scientific: as an example, all over the world in the last 20 years the internet constituted probably the most relevant source of opportunities for international entrepreneurs, thanks to its ability to provide information and to connect people.

Furthermore, industries and the market can form opportunities when **political** or **institutional changes** happen, such as legal restrictions or institutional transitions affecting the relative costs and benefits of resources. This opportunities' source directly refers to Schumpeter's (1934) state of disequilibrium belonging to economies, which provided the chance to entrepreneurs to create wealth in several ways and to allow the economy to return to a state of equilibrium.

According to Drucker, however, along with institutions and the peculiarities of business industries, also the population can constitute a source of opportunities when it evolves, particularly if changes are related to **customers' perceptions, meaning and mood** about products or services, or to other **demographic variables** such as human capital, age ranges or income levels.

The last opportunity source is not coming from the external environment as in the previous circumstances, rather it generates directly within the organization, thanks to the existence of weak links or other particular needs in **companies' processes**, which allow entrepreneurs to correct them through their capabilities and the development of task-oriented solutions.

Li (2013, cited in Žur, 2015) analyzed entrepreneurial opportunities' sources considering the unexplored context of emerging economies, "often characterized by weak capital market structures, poorly specified property rights, and high environmental uncertainty", adding two relevant sources for international new ventures not directly mentioned by Drucker: the **cost of capital** and the **cost of labour**. The author acknowledged that these two factors are quite different from country to country, but they usually create competitive advantage for companies within emerging economies' environment, since generally the cost of capital is low, the expected demand is large and industry profit margins are high due to the low salaries, providing to entrepreneurs high chances to create or discovery opportunities.

2.1.2 Opportunities' features and main opportunities' typologies

Once understood the main sources generating international entrepreneurial opportunities, it is possible to deepen the knowledge related to the most relevant features common to all of them: value and longevity. According to Kirzner (1997, cited in Žur, 2015), an opportunity is **valuable** when its expected profit is larger than the cost of other alternatives: the entrepreneur therefore has a key role in judging the value of initial resources and their potential transformation through a subjective decision process requiring more than mere optimization mechanical calculations. The value of entrepreneurial opportunities for internationalization can thus be really different, depending on the kind of entrepreneur identifying them: for example, entrepreneurs able to assess customer's needs regarding the quality, some particular features or the price of the products are more successful in discovering and exploiting opportunities than those not able to do that.

The second attribute common to all international entrepreneurial opportunities is their **limited duration** in time, caused mainly by two reasons that make them less profitable to pursue with the passing of time. The first one is information diffusion after opportunities creation or discovery, even if the early movers have the possibility to protect their already-exploited opportunities through intellectual property rights. The second reason of opportunity durability is linked to the first one and consists in the fact that, once opportunities are exploited, resources' suppliers become aware of their value so they gradually increase the price, reducing in this way the profits of the entrepreneurs.

Therefore, entrepreneurs should carefully examine these two international entrepreneurial opportunities' features and evaluate the consequences they could face after the exploitation of specific opportunities, since the whole internationalization process according to international entrepreneurship theory happens at a high pace and requires entrepreneurs to be ready to every circumstance. However, value and longevity are not the only two characteristics shown by international entrepreneurial opportunities, given that some authors acknowledged the existence of other peculiar features helping in classifying them into two big categories. Shane (2003, cited in Žur, 2015) is one of the authors asserting the existence of two kinds of opportunities, namely **Schumpeterian** and **Kirznerian**, depending on whether they rely on new combinations of means-ends or optimize already existing means-ends frameworks. The author, however, while providing the distinction between the two types of opportunities, clarified that the two economic situations can be both present at the same time influencing differently the entrepreneurial activity. Alvarez and Barney (2007, cited in Oyson and Whittaker, 2010) remarked the difference between the two typologies of entrepreneurial opportunities with a

simile, asking himself: “*Are opportunities like mountains just waiting to be discovered and exploited or are they like mountains to be built?*”.

The following table outlines and summarizes the distinction between the two typologies of entrepreneurial opportunities:

Schumpeterian opportunities	Kirznerian opportunities
Take advantage of disequilibrating economic/market forces	Take advantage of information asymmetry
Create new combinations of means-ends	Optimize existing combinations of means-ends
Rely primarily on existing knowledge	Rely primarily on new knowledge
Involve imagination and creativity	Involve observation and critical analysis
Rather created than identified	Rather identified than created
Objectively innovating	Rather replicating
Rather rare	Numerous
Rather risk sensitive	Rather risk averse
Result in disrupting the existing equilibrium	Bring the economy closer to equilibrium

Table 1. Schumpeterian and Kirznerian opportunities. Source: Zur (2015), Table 1, pag 29

According to the Schumpeterian perspective, opportunities are the result of a process of enactment by entrepreneurs where ideas are conceived and given a meaning, i.e. they are “created”. Schumpeter (1934), indeed, is the author who proposed the creation theory of opportunities, conceptualizing it and identifying five main types of innovation, with the third one directly linked to international entrepreneurship: introduction of new products, introduction of new production methods, opening of new markets, introduction of new materials or sources of supply and new organizational structures’ development. For this reason, since they derive from a “creative destruction”, Schumpeterian opportunities are recognized as “innovation opportunities” by Mainela (et al., 2014), who underlined also the fact that entrepreneurial action gives birth to an economic invention able to create either a supply or demand formerly absent in the market. Schumpeterian opportunities perspective includes Weick’s concept of enactment (1995, cited in McDougall and Oviatt, 2003), stating that opportunities are not simply waiting to be discovered, but they can be created by entrepreneurs who manage to correctly interpret the environment. The identified creation process results from disequilibrating economic forces in the market coming from innovative ideas disrupting the existing system and consists in acting, observing, learning and reacting. Therefore, according to Mainela (et al., 2014), this kind of international opportunities results primarily from sense-making and enactment processes within environments that continue to evolve, with entrepreneurs that create opportunities to approach new markets by exploiting ideas and learning from their exchanges with local individuals and entities through an iterative process. The overall process of opportunity creation provides an extremely high profit potential to entrepreneurs exploiting this peculiar kind of opportunities

on international market, also for the fact that they are more risk-sensitive if compared with the other type of international opportunities.

On the other hand, Kirznerian view of opportunities is the dominant paradigm in business economics stating that entrepreneurial opportunities only need to be “discovered” by capable entrepreneurs since they already exist in the environment, resulting from market forces driving the economy to a state of equilibrium. According to Mainela (et al., 2014), entrepreneurs are alert to perceive market inefficiencies and are able to understand the most suitable options to better use resources and face these markets in a disequilibrium state, thus discovering and trying to exploit “arbitrage opportunities”. Indeed, in elaborating existing information by readapting organizational forms or established ways of doing things to the context in which they operate, entrepreneurs need to show special observation and analytical capabilities to spot, to recognize and to exploit this kind of opportunities worldwide. Furthermore, as suggested by Shane (2003, cited in Žur, 2015), Kirznerian opportunities are peculiar to an individual market situation, since they can emerge from errors by previous market players leading to surpluses or deficits; indeed, according to the author, not all the individuals exposed to the same opportunity are able to discover it and to exploit market disequilibria. If considered within international entrepreneurship context, entrepreneurs need to be alert against the risks generated by markets when discovering new Kirznerian international opportunities, because they need to correctly develop and handle them throughout the entire international expansion process.

In addition to these two kind of opportunities mentioned by Shane (2003, cited in Žur, 2015), Chandra (et al., 2009) acknowledged the existence of **Knightian** opportunities, which are quite similar to the Kirznerian ones: indeed, according to Knight (1921, cited in Chandra et al., 2009) entrepreneurship could be summarized into an uncertainty bearing process to discover opportunities, in which uncertainty differs from risk for the fact that it is not calculable by entrepreneurs. Therefore, Knightian opportunity perspective sees the ever-changing market as the creator of new opportunities and provides to the entrepreneurs the role of discovering opportunities; in this way, the stress on the uncertainty concept is the most relevant that differentiates Knightian from Kirznerian theory. The fact that entrepreneurs have an imperfect market knowledge is another significant aspect in Knightian perspective, because due to the environmental uncertainty they are not able to predict future events and then understanding how to react to them. If applied to the international context, it is possible to state that entrepreneurs entering new markets might face this kind of opportunities, since political, economic and socio-cultural differences worldwide create uncertainty and affect the market entry process of companies.

Concluding, Schumpeterian, Kirznerian and Knightian perspectives have been developed by three of the most famous authors treating entrepreneurship issues, providing helpful findings for the description of different approaches to entrepreneurial opportunities' recognition: the first one inspired the creation theory while the other two inspired the discovery one. Therefore, entrepreneurs need to carefully understand the main features characterizing opportunities, in order to cope in the right way with them and manage to implement a successful internationalization strategy.

2.2 The opportunity-based approach to international entrepreneurship

In this paragraph the concept of international entrepreneurial opportunity described before will help in studying the role of opportunities and in explaining the entrepreneur-firm-opportunity nexus in internationalization, with particular regard to the international entrepreneurship phenomenon; indeed, the patterns analyzed will explain the internationalization process as the formation and exploitation of international entrepreneurial opportunities leading to the approach of new foreign markets.

The first chapter examined three main international entrepreneurship models focusing on variables such as the entrepreneur, the company and the surrounding environment to explain how they affect INVs' internationalization processes; however, by analyzing them through the opportunity lens it is possible to derive that:

- Oviatt and McDougall (1994) did not directly refer to the concept of international opportunity, but they recognized that the sustained competitive advantage relies on the entrepreneurial “unusual abilities to spot and act on...emerging opportunities before increased competition reduces profits”. In this case, the authors did not specify the meaning of the word “spot”, therefore, they left space to both opportunity creation and discovery theories within their IE pattern. Furthermore, the authors neither explained the meaning of “act”, i.e. how international new ventures' entrepreneurs manage to evaluate and exploit foreign business opportunities, focusing only on the company and how it could become a sustainable INV;
- Zahra and George (2002) in their definition of international entrepreneurship included both opportunities' discovery and exploitation processes, clarifying that the two processes concerning the same opportunity could be conducted by different entrepreneurs. In addition to this, the two authors agreed on the fact that firm's and entrepreneurial ability in recognizing and creatively pursuing opportunities can provide companies a competitive advantage to create economic wealth;

- Jones and Coviello (2005) probably referred to the Schumpeterian perspective in their framework with the introduction of organizational learning as a key element, which made the internationalization process circular and iterative. Another element in their pattern supporting the Schumpeterian view is the usefulness of entrepreneurial innovativeness in the pursuit of international opportunity creation and innovation. On the other hand, the authors leaned towards a Knightian opportunity perspective when they explained that serendipity and uncertainty could cause environmental alterations triggering changes in companies' internationalization behavior and development pattern.

The three international entrepreneurship models however, even though relating somehow to the international entrepreneurial opportunity concept, cannot be considered opportunity-based approaches to international entrepreneurship, since they focused their analysis mainly on other variables as influencers of the internationalization process. Indeed, they did not analyze the internationalization process considering opportunities as the main unit of analysis and they did not explain the whole process by which entrepreneurs manage to face the different opportunities provided by foreign markets.

Wach and Wehrmann (2014) contributed to stress the importance of opportunity-based view to international entrepreneurship since they recognized that internationalization for companies occurs many times as a response to entrepreneurial opportunities. Moreover, the authors underlined that in order to be successful, an internationalization process has to be based on “a pragmatic approach in terms of seeking and taking entrepreneurial business opportunities” (Wach and Wehrmann, 2014), without being a mere question of rational and planned approach. In addition to this, the opportunity-based approach managed to provide some benefits to international entrepreneurship theorists, since “it should give a more holistic, 360-degree view of opportunity-related behaviours, events and processes, some of which may be missed when focusing on, say, the firm or the entrepreneur”(Styles and Gray, 2006). Therefore, the following paragraphs will illustrate three frameworks by Oyson and Whittaker (2010; 2015) and Žur (2015) that studied international entrepreneurship considering opportunities as main unit of analysis, acknowledging also the importance of variables as the entrepreneur, the company and the surrounding environment. In particular, the three patterns analyzed international entrepreneurship from the single opportunity perspective, rather than focusing on opportunities' sets or portfolios, as Chandra (et al. 2015) did, in order to understand better the effects of the single opportunity on the internationalization process. Moreover, the three models are quite recent, and this is due to the fact that international entrepreneurship theorists started to focus their attention on the specific influence of international opportunities on the internationalization process only in the last years.

Concluding, these three frameworks have been chosen since they did not describe only the formation process as many authors did with the mere distinction between opportunity discovery and creation, but they considered the entire process from the existence of potential international opportunities to their exploitation. The models, indeed, illustrated sequential processes with necessary steps the international entrepreneurs need to go through and care about before approaching international markets. One framework, however, introduced the entrepreneurial learning effect, which improves entrepreneurs' knowledge and experience in exploiting international opportunities, suggesting a circular and iterative internationalization process, rather than a linear one ending with the foreign market entry.

2.2.1 “Pursuing opportunities internationally through prospection”

The first opportunity-based approach to international entrepreneurship analyzed is the one proposed by Oyson and Whittaker (2010), which explained the process of internationalization as the formation and the consequent decision and exploitation of opportunities by entrepreneurs in the international market arena, according to the following four-step path:

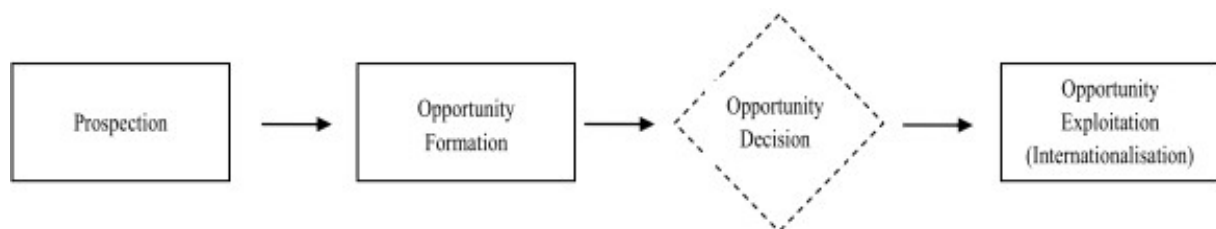


Figure 7. The opportunity-based approach to international entrepreneurship. Source: Oyson and Whittaker (2010), fig.4, page 9

The authors, even though not as in the three international entrepreneurship models explained in the former chapter, underlined the key role of entrepreneurs as active actors throughout the four phases of this linear process, from the formation of international opportunities until their exploitation. In order to be proactive, entrepreneurs should show a **prospection** capability, which in this process is considered the starting point affecting all the following phases, the step where entrepreneurs creatively imagine the possible combinations of elements located inside the firm, i.e. resources and capabilities, and outside it, i.e. international market opportunities. Prospection is defined by the authors as the “*entrepreneurial ability to create the imagined future*” (Oyson and Whittaker, 2010), a future that is not known, but creatively imagined through entrepreneurs' reason, logic, knowledge or experience. Therefore, entrepreneurs form international entrepreneurial opportunities and decide whether to pursue them or not by extrapolating from the context, sifting out and disregarding elements from the confusing welter of experience (Engell, 1981, cited in Oyson and Whittaker, 2010). Furthermore, it is possible to state that this creative imagination differentiates international entrepreneurship studies from

stage- and innovation-related models of internationalization, since it allows entrepreneurs to successfully face uncertainty and constraints concerning experiential knowledge or resources. Moving on, by recalling their definition of entrepreneurial opportunity, identified as the “*creative combination of firm capabilities and market opportunity for the formation of economic value*”, Oyson and Whittaker recognized **opportunity formation** as the second step of their framework. Indeed, they acknowledged that entrepreneurs form opportunities by understanding and driving the dynamic interaction between firm capabilities and potential market opportunities in four different ways, namely opportunity discovery, creation, construction and development.

		Market Opportunities	
		Current	New
Firm Capability	Current	1 Opportunity Discovery	3 Opportunity Construction
	New	2 Opportunity Development	4 Opportunity Creation

Figure 8. Entrepreneurial Opportunity Formation Quadrant. Source: Oyson and Whittaker (2010), fig. 2, page 6

The first way in which entrepreneurs can form opportunities is *opportunity discovery*, described as a perception of an existing market opportunity thanks to firm capabilities already established. This typology of opportunity formation is directly linked to Kirznerian and Knightian opportunities: entrepreneurs, indeed, in this case discover market opportunities already existent in the target market, maybe because some competitors tried to exploit them, without the need of developing any new company capability.

On the opposite side of the table the authors placed *opportunity creation*, since in this case entrepreneurial actions aims at creating ex-novo both firm capabilities and market opportunities, coherently with the aforementioned Schumpeterian perspective. Therefore, entrepreneurs in the opportunity creation process are not simply passive actors responding to external stimuli, since they will face a more challenging and complex task, taking longer time than the discovery one. The other two opportunity formation typologies, conceived by Oyson and Whittaker as dimensions of opportunity creation, lying midway between opportunity discovery and opportunity creation in terms of influencing the entrepreneur’s decision to exploit an opportunity, are:

- *opportunity development*, which consists in pursuing an already existing market opportunity through the development of new firm capabilities;

- *opportunity construction*, through which entrepreneurs generate a new potential market opportunity that the company can face through its current resources and know-how.

Once opportunities are formed in one of the four ways just depicted, entrepreneurs should face an **opportunity decision** process in which they need to consider opportunity feasibility and the relative forecasted outcome in order to establish whether an opportunity should be exploited or not, or to choose which is the best to exploit among a set of formed ones. In this step, entrepreneurial former background and capabilities are extremely relevant and influential, since entrepreneurs working in the same environment could come out with dissimilar decisions about the same opportunity due to their former experiences, with the possibility of facing different ways to pursue and exploit it. The decision-making process concerning international opportunities depends not only on entrepreneurs' background, but also on their degree of risk-taking attitude, since entrepreneurs willing to take more risks will try to exploit more opportunities than risk-adverse ones.

Moving on, Oyson and Whittaker identified **opportunity exploitation**, i.e. the pursuit of international opportunities formed by an entrepreneur, as the final and key stage of their whole internationalization process. According to the authors, in order to successfully approach a foreign market, entrepreneurs need to exploit company's resources and capabilities to transform international opportunities into significant market outcomes. Furthermore, the entrepreneurs in this phase also need to care about the typology of international opportunity, since its nature "might actually determine the process of internationalization": for example, according to Oyson and Whittaker, two different companies with existing capabilities can decide to establish either a foreign sales subsidiary or a production plant, depending on the characteristics of the opportunity, in order to successfully enter the foreign target market. In addition to this, the authors mentioned the effect of opportunity typology on internationalization speed, with Kirznerian and Knightian opportunities implying a more rapid process than Schumpeterian ones, since the entrepreneur faces an already-existing market opportunity with the help of current firm capabilities and doesn't need to develop new ones.

Shingairai and Marinova (2012) developed Oyson and Whittaker's studies by examining four South African companies operating in the software and biotechnology industry; they referred to these companies as Early Rapidly Internationalizing Small Firms (ERISFs), analyzing the internationalization strategies these companies implement. In particular, they acknowledged that those enterprises began their international activities through an opportunity development, as theorized by Oyson and Whittaker, counterposing it to opportunity discovery. The authors asserted that ERISFs' internationalization process is based on International Entrepreneurial Opportunity Development (IEOpD), delineating four main factors to which it is directly related:

founder’s prior experiences, network ties and the domestic market context as antecedents and enablers of the process, while firm’s cross-border formation activities are conceived as the final outcome of the development process. In this way, the authors did not consider prospection as the only factor affecting the international expansion path of international new ventures, similarly to the frameworks that will be analyzed in the next paragraphs.

Concluding, this opportunity-based approach to international entrepreneurship views companies’ internationalization as a dynamic process with entrepreneurs adopting the most suitable entry modes for the potential market opportunity, in contrast with the traditional stage theory that acknowledged exports as the best solution to approach the first foreign market. The four steps illustrated by Oyson and Whittaker, however, consider some elements from traditional internationalization theories described in the first chapter and try to integrate them with the most common IE features, recognizing the entrepreneur the key player in the internationalization process, with the prospection capability allowing him to cope with foreign business opportunities.

2.2.2 “The feedback effect of entrepreneurial learning”

A second model helpful in describing how international new ventures and their entrepreneurs deal with foreign market opportunities is the one proposed by Žur (2015). The author depicted the internationalization process with a circular pattern, as Jones and Coviello (2005) did, considering entrepreneurial learning the most relevant variable determining the iteration and consequent enhancement of formation and exploitation processes of international opportunities.

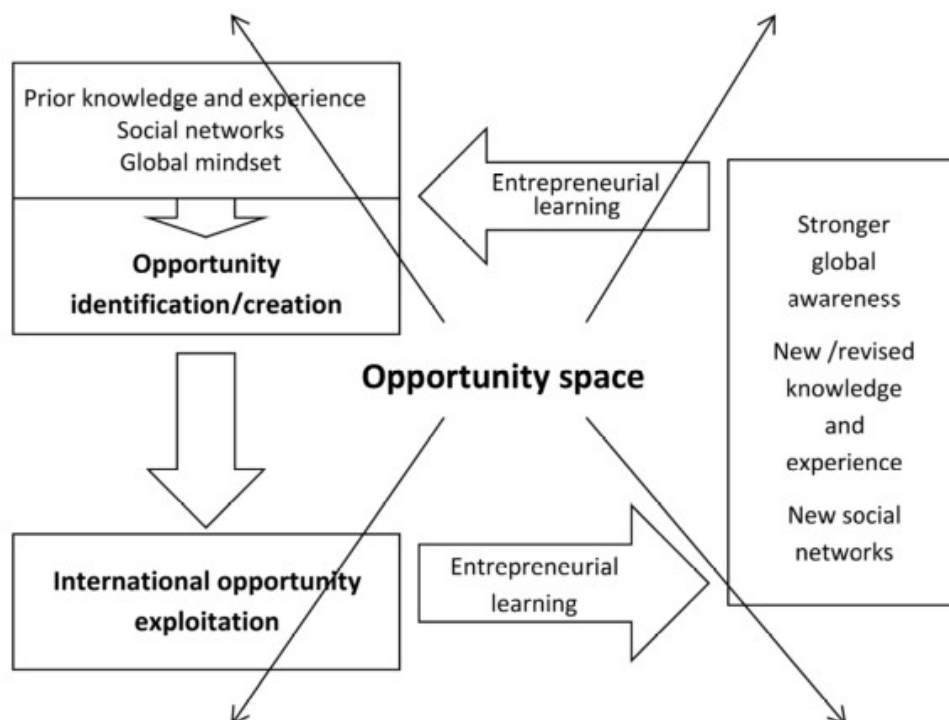


Figure 9. Opportunity-based view of firm internationalization. Source: Žur (2015), fig. 2, page 35

Žur started the illustration of her framework by describing three antecedents/drivers of the opportunity formation process, factors enhancing international market awareness and opportunity alertness: prior knowledge and experience, social networks and global mindset.

The author recognized the first item as critical to the identification of foreign business opportunities for the fact that entrepreneurs should be able to transform their **previous knowledge and experiences** into new conceptual frameworks useful for the internationalization processes of their newborn companies. In this sense, Žur (2015) supported Zahra and George's (2002) findings, since while developing their international entrepreneurship model they recognized the importance of adequate former experiences for entrepreneurs in order to become agents of change able to cope with foreign business opportunities.

Moving on, entrepreneurs could form international opportunities also thanks to specific partners and their own **social ties**' system, since managers in their daily life interact with many different people providing them advices helpful to enhance the recognition or creation process of new international opportunities. In addition to this, external stakeholders such as former suppliers or customers can suggest new business ideas when they improve their processes or if they conduct foreign business activities and they need a partner that they trust to expand abroad.

The last element driving international opportunities identification and exploitation is entrepreneurs' **global mindset**, defined by Gupta and Govindarajan (2002, cited in Žur, 2015) as a "cognitive individual-level meta-structure which combines an openness to and awareness of diversity across cultures and markets with a propensity and ability to synthesize across this diversity". Therefore, entrepreneurs are able to develop a global mindset if they have a broad imagination, they properly categorize information and they deeply understand causal links among factors from different geographic areas, i.e. if they own Shane's (2003, cited in Žur, 2015) entrepreneurial cognitive abilities, mentioned in the first paragraph of this chapter: intelligence, perceptive ability, creativity and not seeing risks.

Chandra (et al., 2009) in a paper concerning international opportunity recognition, identified firm's entrepreneurial orientation as an important antecedent of the recognition process, along with prior international experience of entrepreneurs and an international network structure, illustrating its five dimensions, namely autonomy, innovativeness, proactiveness, risk-taking inclination and competitive aggressiveness. Žur, however, did not consider this last antecedent in her pattern, because she focused on entrepreneurs' features instead of companies' ones, acknowledging them as more helpful and significant in recognizing opportunities aimed at approaching international markets. Indeed, prior knowledge and experience, social networks and a global mindset are key factors in enhancing *international market awareness* and *opportunity alertness*: these two entrepreneurial abilities help in developing entrepreneurs'

proactiveness, a feature that, according to Žur, leads them to the **identification** or **creation** of internationalization opportunity.

International opportunity identification and creation processes, however, do not depend only on entrepreneurs' features as the pre-internationalization phase, since the author recognized that opportunities' features significantly affect both opportunity formation typologies. The author considered both Schumpeterian and Kirznerian opportunities in her framework, acknowledging that both of them could lead the entrepreneurs and their companies to a successful internationalization process, if they manage to exploit the identified or created opportunities.

Opportunity exploitation, however, with entrepreneurs approaching foreign markets through different entry modes depending on the type of opportunity, is not the end of internationalization process according to Žur, since she focused her attention on the path-dependency and feedback effects related to this last step.

Therefore, it is possible to recognize as the most significant element in Žur's model the **entrepreneurial learning effect**, which consists in a dynamic process of assumptions' testing through the experience needed by entrepreneurs when starting any new business undertaking, "especially that of international scope" (Cope, 2005 cited in Žur, 2015). According to the author, this experimentation and testing processes of assumptions sometimes derive directly from a successful exploitation of international business opportunities, even if also failures are important for entrepreneurs in order to grow, develop and understand where to improve. Žur's entrepreneurial learning effect can be examined from two different perspectives (Erdelyi, 2010 cited in Žur, 2015):

- *personal learning* analyzes entrepreneurs who create cognitive mechanisms for the identification and the decision-making process related to foreign business opportunities;
- *collective learning* focuses on the useful interaction of individuals within companies or within an ecosystem in order to apprehend.

Moreover, considering the individual as unit of analysis it is possible to state that entrepreneurs learn by repeating efficient practices or by using negative feedbacks and new information to correct inappropriate knowledge and performances. Similarly to Žur, O'Grady and Lane (1996) conceptualized companies' internationalization as an ongoing executives' learning process, suggesting that the only way to maintain a competitive advantage over other firms can be reached by directly approaching the target markets and collect information about them.

On the other hand, according to the collective learning perspective, entrepreneurs can learn by acquiring knowledge-based resources inside or outside firm's boundaries and by integrating and exploiting them to create new knowledge within the firm. Zollo and Winter (2002) explained a similar process by studying the process at the organizational level, focusing on how

companies shape their operating routines through the development of dynamic capabilities, describing three main learning mechanisms: experience accumulation, knowledge articulation and knowledge codification. In particular, the first learning mechanism, if applied to the entrepreneurial context, is similar to Žur's conceptualization of learning, given that entrepreneurs continue to develop their experience every time they are involved in an internationalization process, and they will be able to exploit it while studying future strategies to develop abroad. In addition to this, if companies manage to articulate and codify knowledge, they substantially facilitate the individual learning process for the fact that entrepreneurs are already aware of the best practices, therefore they can improve their skills and enhance company's internationalization process by concentrating on new variables.

Žur conceived entrepreneurial learning as an essential factor in her opportunity-based approach to international entrepreneurship because she assumed that it could create a loop in the model: indeed, the three aforementioned antecedents of international opportunity formation directly affect the way in which entrepreneurs learn how to cope with the international environment and opportunities. Moreover, she acknowledged that prior experience, social networks and a strong global mindset not only influence international new ventures' expansion abroad, but they may also support INVs in implementing an immediate and revolutionary internationalization process, stressing that the learning process could happen in a second moment allowing entrepreneurs to develop opportunities over time. The learning process influencing INVs' entrepreneurs in turn leads to new/revised knowledge and experience, new social networks and a stronger global awareness, as time passes. Therefore, the author derived also the essential role that **time** covers in the management of international opportunities, as it was in the international entrepreneurship model proposed by Jones and Coviello (2005), since entrepreneurs in recognizing opportunities follow a path dependent self-reinforcing cyclical process. As written before, this loop relationship is due to the entrepreneurial learning effect, since it connects former experiences with future behaviour, by progressively enhancing entrepreneurs' international awareness and accuracy in opportunity formation and exploitation.

The last concept concerning Žur's framework is **opportunity space**, defined as the "pool of potential opportunities which are identified by the entrepreneur and are possible to exploit" (Žur, 2015). According to the author, the aforementioned entrepreneurial learning can broaden opportunity space, since the repetition time after time of the internationalization process allows opportunities to stimulate other opportunities through the exposure to new information, networks and entrepreneurial learning. Chandra (et al., 2012) claimed that the process of opportunity space's enlargement is helped by successes as well as by failures and false

opportunities, which are quite common for newborn companies dealing with the international context in the first phases of their development.

A similar perspective to opportunity space's enlargement was provided by Chandra (et al., 2015) who focused on *opportunity portfolios* as unit of analysis instead of single opportunities, since according to them a single-opportunity approach does not clearly depict the drivers of the birth and growth of international new ventures. According to these authors, the opportunity portfolio perspective let entrepreneurs focusing on particular opportunities, keeping in mind that every set of opportunities is characterized by four dimensions: volume, temporal evolution, outcome or process novelty and scale of opportunities. These dimensions help entrepreneurs in selecting the opportunities to pursue, given that exploiting all the perceived opportunities is not feasible due to the low amount of resources available and not all the opportunities could lead to a successful internationalization process.

Žur (2015) within her work quoted a paper by Chandra (et al., 2009) which investigated the “opportunity-firm” nexus and how firms recognize the first international opportunity through the study of eight SMEs operating in industries relatively intensive in their inputs of technology and human capital in New South Wales, Australia. The analysis by Chandra (et al., 2009) underlined that the first international opportunity might not always be profitable when recognized, but it can facilitate future opportunity formation and exploitation processes if it results in the development of the network or in new knowledge and experience accumulation. Žur developed Chandra's (et al., 2009) studies by giving relevance to experience and time, since she recognized that the process to start foreign business activities is based on a number of assumptions that can be tested only by experience, therefore, the entrepreneurs and their newborn companies need to exploit opportunities once they recognized them. In addition to this study, to support her conceptualization, Žur included in her model many elements collected in another paper by Chandra (et al., 2012) which illustrated the influence of learning, time and networks on opportunity space by analyzing a set of 15 SMEs operating in five different regions of Australia, with most of them categorized as born globals.

2.2.3 “*International opportunities and Accelerated International Entrepreneurship*”

The last OBA framework analyzed is the one developed by Oyson and Whittaker (2015), a model which is also described as the “Accelerated International Entrepreneurship”. The pattern consisted in four main steps affected by the international environment that according to the authors, from 1990s onward, provided a great number of potential opportunities for companies to develop internationally and/or in the domestic market quickly. The main elements characterizing the new international market environment acknowledged by the authors are

internet ubiquity, advanced technologies, cheap transportation, globalization, economic liberalization and potential access to complementary assets in global value chains.

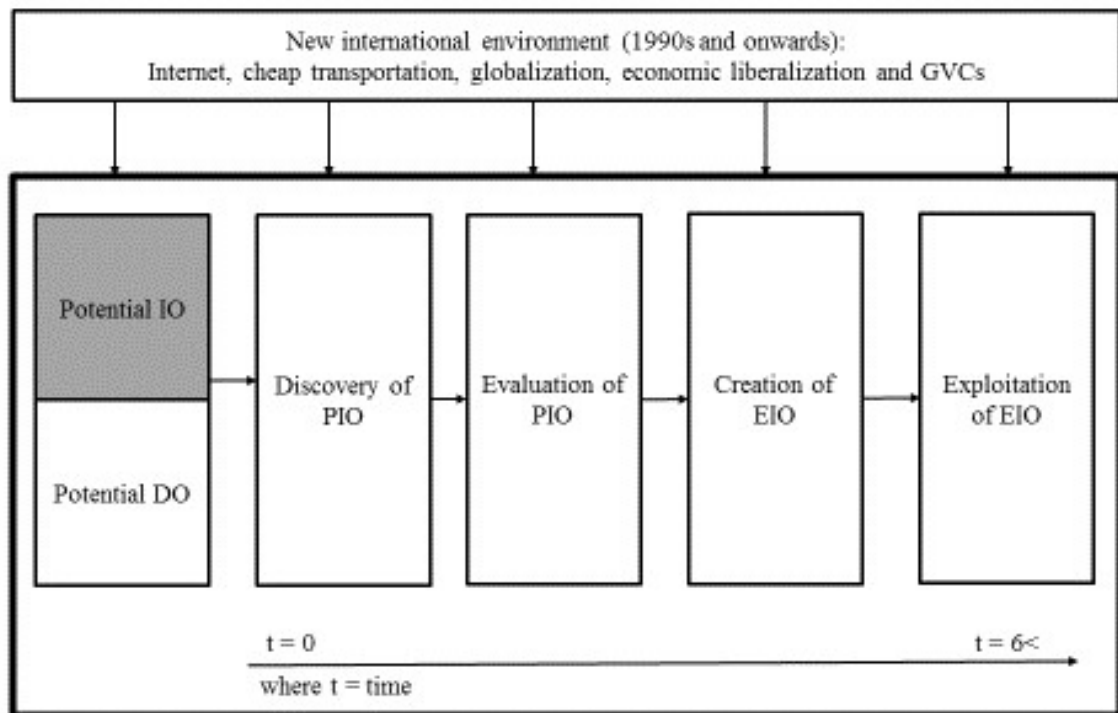


Figure 10. International Opportunities and Accelerated International Entrepreneurship. Source: Oyson and Whittaker (2015), fig.2, page 34

The environment described by the authors affects the entire internationalization process of companies, regardless of whether they are start-ups or established businesses; moreover, the new environmental factors are relevant since they allow potential opportunities to take form and exist, both in domestic and foreign markets.

Oyson and Whittaker started the description of their pattern with the **discovery** of potential international opportunities, a cognitive experience involving mental processes such as recognizing, perceiving, identifying, knowing and imagining, with the last two led by entrepreneurial knowledge and imagination respectively. As regards knowledge-based opportunity discovery, the authors underlined that in their case study 75% of the entrepreneurs lead their companies through the first internationalization process by referring to their knowledge of potential international opportunities. Furthermore, Oyson and Whittaker clarified that entrepreneurial networks and previous knowledge of foreign markets drive this type of discovery process, similarly to Žur's path, adding chance and serendipity as other antecedents. In particular, the authors derived social networks and entrepreneurial prior knowledge of markets, customers' problems and way to serve customers from Ardichvili's (et al. 2003, cited in Oyson and Whittaker, 2015) former entrepreneurship study, which identified the two elements, along with entrepreneurs' personal traits, as antecedents of entrepreneurial alertness to business opportunities. However, a lack of knowledge of international opportunities is not

always an obstacle for entrepreneurs, since they can conceive them by using their entrepreneurial imagination, a driver helpful also in the consequent development of international business activities. In this way, opportunities can be largely subjective, given that they are grounded in entrepreneurial mental creations, whereas when they are discovered through knowledge they tend to have a factual or an objective basis. Imagined opportunities present a substantial advantage over the ones based on knowledge, because they are subjective mental creations existing only within entrepreneurs' mind, making it impossible to potential competitors to deal with them during the same period. Moreover, entrepreneurs imagining international opportunities usually seek and acquire less information about opportunities, since, if compared to entrepreneurs who discover opportunities, they value less the completeness and reliability of information about the opportunities, usually taking also more risks when developing them.

The second step of accelerated international entrepreneurship is the **evaluation** of potential international opportunities discovered or imagined, since not all of them are able to lead to an efficient internationalization process. According to the authors, entrepreneurs need to evaluate the potential of formed international opportunities firstly in order to know if they are real opportunities related to foreign markets and secondly in order to understand the best and the most profitable ones to exploit. Entrepreneurs have different options to determine the viability of an opportunity, such as focusing all the efforts and resources on one peculiar market, moving physically to the country in order to study the market in which the company wants to develop its international operations or considering firm's capabilities to understand if they can meet customers' needs. Oyson and Whittaker in this phase of the process reminded that, after opportunities evaluation, international opportunities are still *potential*, i.e. they are "broad, vague, or incomplete and not ready for exploitation", therefore they need to be "developed and transformed by entrepreneurial cognition and action into concrete, entrepreneurial opportunities" (Oyson and Whittaker, 2015). This model conceptualized entrepreneurial cognition similarly to how Mitchell (et al., 2000, cited in Zahra et al., 2005) defined it, as the "knowledge structures that people use to make assessments, judgements, or decisions involving opportunity evaluation, venture creation, and growth".

Moving on, according to Oyson and Whittaker, the step needed in order to transform potential international opportunities into entrepreneurial international ones is **creation**: entrepreneurs before moving on to exploit opportunities have to cognitively bring together three interrelated entrepreneurial opportunity elements, namely product, capabilities and customers. Entrepreneurs have already recognized these three issues in the former step of opportunities

evaluation, but here, in author's opinion, they need to reinterpret them through entrepreneurial actions with the investment of resources, efforts and time.

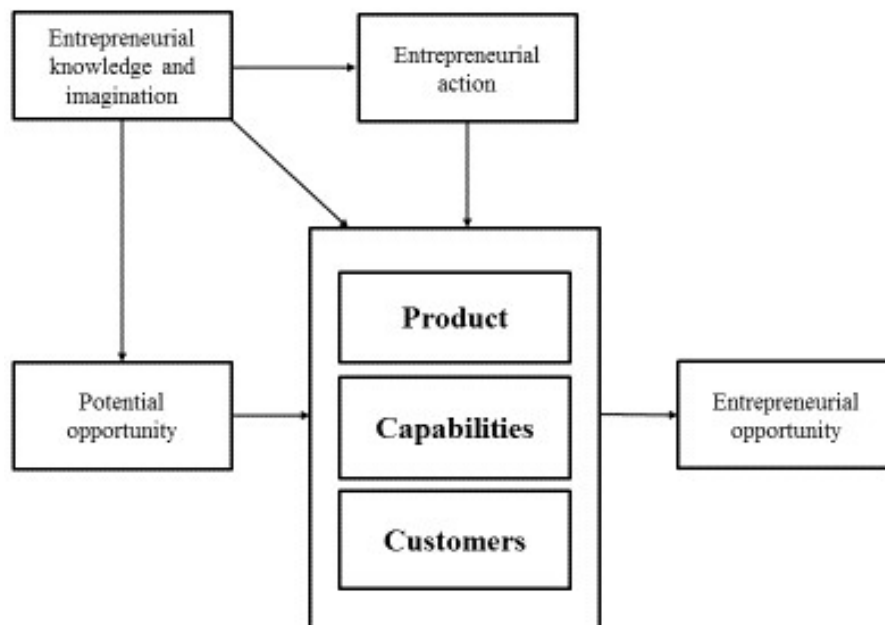


Figure 11. Entrepreneurial Opportunity Creation Process. Source: Oyson and Whittaker (2015), fig.1, page 32

Therefore, in this step entrepreneurs need to face and understand potential *product* issues, such as pricing, customization, marketing and distribution; *capabilities* issues, such as the ability to reach customers with the proper products, to enter international markets and deal with competition; and *customer* issues, such as who they are, their needs, their interest in company's activity, and how to reach them. Entrepreneurial action, along with entrepreneurial cognition, brings together the three elements, thus developing a purposeful and deliberate creation process, which differentiates from the spontaneous and unplanned discovery process, based on either knowledge or imagination.

The last phase of the pattern described by Oyson and Whittaker is the **exploitation** of entrepreneurial international opportunities, depicted as the entry mode into international markets chosen by companies, e.g. through exports, establishment of an international office, sales agent hiring, licensing or franchising agreement.

As written before, **international environment** is really influent on the whole process: indeed, the environmental conditions after 1990s allowed entrepreneurs to discover and exploit international opportunities in an accelerated way, thanks to new technologies, lower barriers to international trade, a faster communication and lower transportation and distribution costs, along with the entrepreneurial background. This is in line with the international new ventures' context depicted by McDougall (et al., 2003), since according to Oyson and Whittaker (2015), these companies manage to exploit entrepreneurial international opportunities and to start to receive revenues from their international activities in less than 6 years from the moment of their

establishment. Furthermore, the authors stressed the fact that environmental conditions before 1990s led to a gradual internationalization process, counterposing it to the accelerated one, with an environment characterized by “high barriers to international trade, high transportation costs, old technologies, and slow communication” (Oyson and Whittaker, 2015). Cavusgil (1994) was one of the first authors to underline that gradual internationalization was dying since companies were starting to export from the first days of their operations, thus abandoning the traditional stages model of internationalization, as the one proposed by Johanson and Vahlne (1977). Oviatt and McDougall (1994) supported this opinion acknowledging that from the beginning of 1990s there were “dramatic increases in the speed, quality and efficiency of international communication and transportation” contributing to the reduction of transaction costs related to international exchanges (Porter, 1990, cited in Oviatt and McDougall, 1994). In addition to these international environmental changes, international finance was providing more opportunities worldwide (Patricof, 1989, cited in Oviatt and McDougall, 1994) and human capital was becoming more internationally mobile (Johnston, 1991, cited in Oviatt and McDougall, 1994), increasing the amount of entrepreneurs and managers operating with foreign markets. Deo (2013) recently recognized that one particular environmental factor, globalization, is progressively creating more opportunities for newborn small and medium enterprises, but on the other hand in the last years it is also providing several challenges, given that globalization is intensifying and an increasing number of SMEs are participating in it, raising the level of competition.

Concluding, Oyson and Whittaker derived and supported their model through an analysis of a case study concerning 12 companies established in New Zealand, with less than 250 employees: the most important characteristic of the companies in their case study was the existence of outward international activities, in particular they focused on companies having at least one contact with the Asian market.

2.2.4 Comparison among opportunity-based approaches to international entrepreneurship

The explanation of the three different approaches to international entrepreneurship focusing on opportunities led to a deep comprehension of the topic, which is recent and still needs further developments; therefore, in this last paragraph the abovementioned frameworks will be carefully compared and examined highlighting the similarities and the differences among them and the limits they present.

First of all, it clearly appears the relevance of **entrepreneurs’ role** within the three patterns analyzed, since entrepreneurs are considered the engine and the main actors driving the

internationalization process from the discovery or creation to the exploitation of foreign business opportunities. Furthermore, entrepreneurs in order to be successful should have **prior knowledge and experiences** along with other peculiar **abilities** and **characteristics**, which helps them throughout the whole process: prospection in the first model, proactiveness in the second one and entrepreneurial cognition in the last one.

Moving on, the three patterns are comparable for the fact that they all describe two essential phases of internationalization, considered extremely relevant also by Zahra and George (2002): **opportunity formation** and **exploitation**. Concerning the first one, the authors developed their models according to Schumpeter's creation view and Kirzner's discovery theory: in the first model, Oyson and Whittaker added two creation dimensions, namely opportunity construction and development, through different combinations of firm capabilities and market opportunities. The last two models instead respected the original two-fold categorization, referring to opportunity "identification" or "creation" and to "knowledge-based" or "imagination-based" discovery. As regards exploitation, the three models conceived it as the step in which companies move abroad entering new markets, through different modes implying different levels of commitment for the company such as exports, the hiring of a sales agent, licensing, franchising, the establishment of a cooperative or an equity joint venture, or the establishment of a wholly foreign-owned enterprise (WFOE).

The three opportunity-based approaches to international entrepreneurship, however, even though sharing the aforementioned key elements, developed in different ways their patterns by introducing several phases to the internationalization process or by providing some additional insights useful to their analysis. The clearest difference among the models is that the two patterns proposed by Oyson and Whittaker are linear whereas Žur's one is **circular**, thanks to the entrepreneurial learning effect: according to Žur, indeed, entrepreneurial learning establishes a loop relationship since it connects former experiences with future behaviour, helping entrepreneurs to improve future internationalization processes. Therefore, the concept of **entrepreneurial learning** differentiates the three frameworks, since only Žur described it and underlined its importance in transforming the internationalization process from linear, as conceived in the two models by Oyson and Whittaker, to circular and iterative.

Time is another issue differently considered within the three frameworks: in the first one the concept is not mentioned as a relevant element, in the second one it is strongly related to the circularity of the model caused by entrepreneurial learning, while in the third one it determines the connotation of "accelerated" international entrepreneurship, with the authors specifying that the maximum amount of time in which the process should be concluded is 6 years.

Furthermore, the three models conceived the phase of **international opportunities' analysis** in different ways: Oyson and Whittaker in their first model, indeed, acknowledged the existence of opportunity decision, a step in which entrepreneurs decide whether to exploit or not an opportunity. Žur in the second model did not directly mentioned any analysis phase, passing from the identification/creation phase straight to the exploitation of international opportunities. In the “accelerated” international entrepreneurship framework, Oyson and Whittaker explained the analysis of the opportunities through the phases of evaluation and creation, with entrepreneurs assessing opportunities' viability according to products', firm capabilities' and potential customers' issues.

Žur, however, even without directly mentioning the analysis phase in her path, introduced the important concept of **opportunity space**, which in the first model is missing, while in the last one it is recognized but not given the same meaning. Oyson and Whittaker, indeed, acknowledged the existence of potential international and domestic opportunities in the environment where entrepreneurs and companies are operating, resembling the concept of opportunity space.

The third model, developed by Oyson and Whittaker, shows three peculiar aspects clearly differentiating it from the other two: the most important one is the description and the relevance given to **international environment**, which thanks to its characteristics allowed companies to face their internationalization processes in an “accelerated” way after 1990s. The second feature enriching the third model is the description of the **creation phase**, which should not be confused with the creation as conceived by Schumpeter presented in the other two frameworks. The creation here has a different connotation from the opportunity formation type, since it involves entrepreneurial action and cognition, with an investment of resources and time, in order to transform potential opportunities into effective entrepreneurial opportunities after the evaluation process. Indeed, the distinction between **potential** and **entrepreneurial opportunities**, as defined in the first paragraph of this chapter, is the last element described in the third model not mentioned in the previous two ones, since it is not clarified the step in which entrepreneurs transform opportunities from potential to entrepreneurial ones.

The three frameworks analyzed however, even though presenting similarities and differences among each other, seem to have some limits in the theoretic explanations. This is due mainly to the fact that international entrepreneurship is a recent topic, therefore, also the opportunity-based approach to it needs further development in research, since the three frameworks examined were all published after 2010.

The first limit related to all the patterns analyzed is that they do not include the **sources** of opportunities listed by Drucker (1985) and Li (2013, cited in Žur, 2015), even though the first

two models briefly mentioned them before starting with their models' explanation but then the authors did not refer to them before opportunity creation or discovery processes. In addition to this, the three opportunity-based approaches to international entrepreneurship do not clarify the nature of opportunities, talking about them without explaining the differences between opportunities to sell and opportunities to produce abroad.

Furthermore, the authors did not specify if entrepreneurs face the last steps of the process leading them to the exploitation alone or supported by other people, whether internal or external to the organization. It is true that Žur, and marginally Oyson and Whittaker in the last model, acknowledged social network as an antecedent of opportunity formation, but they actually didn't mention any **stakeholders' influence** on entrepreneurial actions during the last stages of their internationalization process.

The last important limit shown by two out of three frameworks analyzed is the fact that they are based only on a literature review, without a presentation of any **case studies** demonstrating the findings highlighted throughout the models: only the third one is supported by an empirical case study helping the authors in elaborating their model.

Concluding, the analysis of these three different opportunity-based approaches to international entrepreneurship with their similarities, differences and limits provides a broad view on the topic, considering all the elements useful to correctly understand the process, from the formation to the exploitation of international opportunities. Furthermore, since these three models focusing on the international opportunity concept are quite recent, the case studies examined in the next chapter will help in testing the insights of this paragraph and in understanding whether they constitute a solid theoretical background or not.

CHAPTER 3

SIX INTERNATIONAL NEW VENTURES ESTABLISHED IN THE VENETO REGION

Introduction

This chapter introduces the pool of international new ventures selected to build up the sample, explaining in the first paragraph how the data were collected and highlighting in the following ones the most important findings derived from the interviews with the managers of these companies. The aim of the third chapter is to describe the six firms' internationalization processes by considering international opportunities as main unit of analysis and to examine them according to the theoretic models explained in the former chapters, trying to understand how international new ventures and their entrepreneurs cope with international opportunities.

3.1 Methodology: sample and data

The case studies presented in this chapter are based on the analysis of six small and medium manufacturing companies established between 2006 and 2009 in the provinces of Padua, Treviso and Vicenza, which managed to develop their international activities within 6 years from the establishment: Flat Bag s.r.l., Full Spot s.p.a., Maikii s.r.l., Piron s.r.l., Plaber s.r.l. and Vigovo s.r.l.

Company size was the first criterion considered to build up the sample: the research focused on the category of **Small and Medium Enterprises** (SMEs), defined as “enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding EUR 50 million, and/or an annual balance sheet total not exceeding EUR 43 million.” (European Commission 2003), given that they constitute the engine of Italian and European economies. According to the Annual Report on European SMEs 2014/2015 (European Commission, 2015), this type of companies “in 2014 accounted for 99.8% of all enterprises in the non-financial business sector in the EU28”, where non-financial business sector consists of “all sectors of the economies of the EU28 or Member States, except for financial services, government services, education, health, arts and culture, agriculture, forestry”.

The second criterion considered in the construction of the sample was business sector: the analysis concentrated on **manufacturing** companies selling products rather than services, because that kind of industry has been historically one of the most important in the Italian economy. Furthermore, this criterion is relevant also for the fact that previous papers concerning international entrepreneurship analyzed mostly hi-tech and services companies (McDougall, et al. 1994; Fernhaber et al., 2009; Dib et al., 2010; Tanev, 2012).

Another relevant parameter to the purpose of the study was the year in which companies were established: the research indeed focused on quite “young” companies, **established between 2006 and 2009**, that presented a substantial growth since their foundation. Moreover, ventures established in those years have a history of at least six years: in this way, by considering data of several years, it was possible to notice whether the firms managed to develop their businesses abroad or not and if they are enlarging their international presence.

Headquarters’ location was another significant criterion considered to determine the sample of companies: the research was conducted on firms established in the **Veneto region**, an area characterized by a high concentration of manufacturing companies. Within Veneto region, the research narrowed and focused on companies established in the provinces of Padua, Treviso and Vicenza, since they are located in the center of the region and historically constituted the economic engine of the area with their many successful business activities established during the years.

The last and probably the most relevant criterion defining the sample is related to internationalization: the analyzed companies, indeed, developed international business activities within six years from their establishment. This allowed the sample to include **international new ventures**, in line with McDougall's (et al., 2003) definition: “firms that began receiving revenues from international business activities while not more than 6 years old”.

The first step to create the sample of companies according to the abovementioned criteria consisted in a detailed research on the "Analisi Informatizzata delle Aziende Italiane" (AIDA) database, an online database providing economic and financial records of almost one million ltd. companies operating in Italy. The following table summarizes the output of the research:

	Risultato della ricerca	Risultato della ricerca
Regione, provincia, comune: 05024 - Vicenza, 05026 - Treviso, 05028 – Padova	63.762	63.762
Data di costituzione: nel e dopo il 2006 fino a ed incluso il 2009	277.813	12.449
Dipendenti: 2013, max = 250	909.654	8.803
TOT. VAL. DELLA PRODUZIONE (migl. EUR): 2013, max = 50.000	930.264	8.795
TOTALE ATTIVO (migl. EUR): 2013, max = 43.000	926.084	8.763
Totale		8.763

Table 2. AIDA research’s output. Adapted from: AIDA server's data

These 8763 companies were not all international new ventures, since the database considered as established between 2006 and 2009 also companies established earlier that changed their names or transformed their businesses during that period. Furthermore, it was not possible to

recognize companies already operating on an international level through this research, because there were no proper input variables indicating the presence of the company on foreign markets. In order to verify the “effective” establishment between 2006 and 2009 and the international presence, it was necessary to carefully check the information on corporate websites. Moreover, to skim the companies within the sample and to analyze the most interesting cases, it was helpful to read newspapers and online articles concerning the most innovative and successful recently-established companies in the area and companies approaching foreign markets. By operating in this way, the sample was reduced to a total of 14 potential firms presenting the characteristics described in the beginning of this chapter.

These companies were firstly contacted on the phone to present the topic of the thesis and to understand if the founders were interested in collaborating by describing how they established the business, how they dealt with international opportunities and the evolution of their companies abroad. The following step consisted in sending these companies an email containing a wrap-up of the topic and a formal request to interview the founder: on a total of 14 requests sent, 7 answers were received, among which 6 were positive.

The meetings at companies’ headquarters took place in the period between November 2015 and January 2016, developed as semi-structured interviews with the counterparts: in 5 cases directly with the founders of the company, while in 1 case with an international sales manager. However, after the interviews some follow-up emails, calls and additional material, such as corporate documents or brochures concerning the business activities, were helpful in gathering more information and clarifying several aspects related to companies’ internationalization processes. The interviews were semi-structured since the questions were based mainly on the opportunity-based approaches to international entrepreneurship illustrated in the second chapter, attempting to put emphasis on the most significant factors affecting Oyson and Whittaker's (2010; 2015) and Žur's (2015) frameworks. Therefore, the interviews were aimed at investigating the process of internationalization focusing on international opportunities as main unit of analysis, without forgetting the influence of the entrepreneur, the company and the surrounding environment on the process to approach foreign markets. The following paragraphs will introduce the six companies and will summarize the most relevant issues concerning their internationalization process derived from the interviews, following this structure:

- **International new venture’s typology:** given that all the companies in the sample are international new ventures, the analysis focused on their level of coordination of value chain activities across different countries and on the geographic area in which they operate, with the aim of classifying the companies into one of the four typologies identified by Oviatt and McDougall (1994);

- **Entrepreneurial background before INVs' establishment:** in this section the focus shifts on the founders, in order to understand how their past experiences managed to affect companies' internationalization process, referring in particular to Oyson and Whittaker's (2010) prospection capability and Žur's (2015) antecedents to opportunity discovery;
- **International opportunities' sources:** this section highlights which is the origin of the six companies' internationalization processes, identifying the sources of international opportunities among those acknowledged by Drucker (1985, cited in Žur, 2015) and Li (2013, cited in Žur, 2015), presented in the second chapter;
- **International opportunity formation:** this paragraph examines how the entrepreneurs understood and drove the dynamic interaction between firm capabilities and the first potential foreign market opportunity. By concentrating on these two variables and on how the entrepreneurs creatively combine them, it is possible to categorize opportunity formation as Oyson and Whittaker (2010) in four different ways, namely opportunity discovery, creation, development or construction.
- **International opportunity analysis:** this section firstly identifies the actors involved in the evaluation process of international opportunities to approach foreign markets, secondly it focuses on the methods through which they collected information to analyze the target markets and lastly it explains the main elements considered in order to judge the opportunity's viability and the risks related to it. Therefore, the most helpful theoretic tips in this case derived from Oyson and Whittaker's (2010; 2015) frameworks, considering in particular the step of opportunity decision of the first model and of opportunity evaluation and creation processes explained in the second one.
- **International opportunity exploitation:** this section examines how entrepreneurs exploited the international opportunity, i.e. the strategy adopted to enter the foreign market, and how the company improved and enlarged the geographic domain of its business activities, describing the evolution of the companies in foreign markets;
- **Environmental variables affecting internationalization process:** this section underlines the most influent environmental conditions contributing to the rapid internationalization of the six firms, recalling Oyson and Whittaker's (2015) description of how, after 1990s, the environment influenced the internationalization processes of companies;
- **Entrepreneurial learning effect:** the last section analyzes if the reiteration of the internationalization process and the progressive INVs' geographic expansion could have an influence on entrepreneurs' and on companies processes' enhancement, trying to understand Žur's (2015) entrepreneurial learning effect and its consequences on the internationalization process.

Concluding, the companies were gathered together in the sample in order to verify whether or not their internationalization processes could be explained through peculiar variables of the opportunity-based approaches to international entrepreneurship acknowledged in the first two chapters. In particular, the three frameworks illustrated in the second chapter provided several interesting findings concerning the management of international opportunities by INVs' entrepreneurs, and by integrating them with the empirical evidence from the six firms' analysis, it will be possible in the fourth chapter to derive propositions related to the topic.

3.2 Flat Bag s.r.l.



Flat Bag s.r.l. is an innovative start-up operating in the paper packaging industry since December 2009, when it was established in Camposampiero (PD) by Mr. Ronnie Pallaro and Mr. Marco Zanchin, even though it effectively started its operations in 2014. Flat Bag in 2014 reached a turnover of € 408.295, of which around 1,5% could be attributed to international business activities, with the most important foreign markets being currently Germany, France and Spain. The entrepreneurs during the interview highlighted that in 2015 the turnover is almost the double of the previous year's figure and the percentage deriving from foreign business activities is around 7,5%, with the challenging aim of increasing it to more than 50% in 2016, demonstrating a strong orientation towards foreign markets in order to help the company's growth.

3.2.1 International new venture's typology

According to Oviatt and McDougall's (1994) classification of international new ventures, it is possible to categorize Flat Bag as an **Export/Import Start-Up**, since the company approached its foreign target markets through low commitment investments, without establishing any subsidiary abroad. The company, indeed, coordinates across the countries in which it sells only sales and logistics value chain activities, managing to export its products without the need of foreign branches, given that it is selling within a small geographic area, including only neighboring countries.

3.2.2 Entrepreneurial background before Flat Bag's establishment

The two co-founders of Flat Bag were close friends since they were children, knowing each other long before establishing the international new venture. Furthermore, before founding Flat

Bag, together they showed peculiar abilities in creatively imagine the possible combinations of resources within and outside a firm, i.e. Oyson and Whittaker's (2010) **prospection** capability, since in 2001 they established an enterprise they are still owning and managing: Rend s.r.l., a technical design studio that currently has 22 employees and a turnover of € 1,4 mln. While the two entrepreneurs were working in this company, they came out with the idea of Flat Bag: indeed, when carrying on a project for one of their customers, they designed the machineries to produce a special kind of paper shoppers, managing to substantially create a new production system through capabilities they formerly developed by working in the paper industry. The customer they were supplying held the patent related to these innovative paper shoppers, which were conceived as traditional bread bags made of paper with two handles on the top, but when he went bankrupt, the two entrepreneurs decided to buy that patent and to establish a business activity on it. It should be highlighted that the relationship with this particular customer provided the two entrepreneurs also a certain level of knowledge concerning the industry of paper shoppers, since they understood the process to produce them and they started to get information concerning the EU regulation on the plastic shoppers' ban.

Therefore, also the **network** of contacts developed by the entrepreneurs during their former experiences was helpful not only in the establishment of Flat Bag, but also in the following expansion abroad. In this sense, of particular relevance were several **suppliers** who knew the two co-founders before the establishment of Flat Bag, since they renegotiated some debts' terms basing on the mutual trust they created during the years, allowing the entrepreneurs to firstly concentrate on the development of their company, both locally and internationally, and later on to pay back their liabilities.

Lastly, the two co-founders' **former background** was another element helping them in developing Flat Bag's business, since they both accumulated a specific knowledge in planning and design, with Mr. Pallaro that focused on it since his high school studies, by attending a course on how to use the CAD's software. Furthermore, during their former **work experiences** the entrepreneurs had the chance to deal with different business industries, an element that allowed them to enhance their competences and influenced them while targeting Flat Bag's customers, since they didn't want to depend on a single business industry to reduce the risk of being affected by its trend.

3.2.3 International opportunities' sources

The most important driver of Flat Bag's internationalization process was the **EU legislation concerning plastic bags**: institutions started to plan the prohibition of the production and commercialization of polypropylene shoppers in 2008, but the law become effective only in

2014. The entrepreneurs started to think about selling their products abroad once they understood the opportunities this legislation provided them, since European users of plastic bags in that moment needed to find a substitute product to the traditional plastic shoppers. However, this opportunity source cannot be related only to the internationalization process of Flat Bag, since the EU legislation introduction was actually the driver that led the two entrepreneurs to the establishment of the company in 2009: therefore, it is possible to understand why the co-founders had a strong orientation toward foreign markets since the beginning of the INVs' activities.

3.2.4 International opportunity formation

Analyzing Flat Bag's opportunity formation in France, the first foreign market approached, according to Oyson and Whittaker's (2010) framework, the process could be categorized as an **opportunity construction**. This classification derives from the fact that the entrepreneurs exploited the firm capabilities, technologies and resources they already developed to approach the Italian market few months before, with Mr. Pallaro recognizing that foreign customers were easier to approach if compared to Italian ones, given that the end users already knew the advantages presented by paper shoppers. On the other hand, the potential foreign market opportunity faced by the two co-founders was completely new, given that the European law enforcement provided the chance to Flat Bag to start to sell its innovative product in the whole continent, France included.

3.2.5 International opportunity analysis

The process to evaluate the opportunity to sell abroad is usually carried on by Mr. Pallaro himself, supported by two sales managers (dealing with after sales, key customers, retailers, resellers and agents' network), through a quite structured process, even though the entrepreneurs aim to enhance it during the next years in order to accelerate the decision process. The team evaluating foreign market opportunities, in order to study which were the best countries to approach in the first phases, decided to participate to several **international trade fairs** related to the packaging industry, as DRUPA in Dusseldorf, or the bio industry, as Biofach in Nuremberg and Sana in Bologna, since this last sector is recently showing interesting growing rates recently. Another trade fair that gave visibility to Flat Bag on an international level was Expo2015 in Milan, since one Italian customer of the company decided to show and present the product as a future innovative way of packaging, allowing Flat Bag to reach new potential customers. The second way in which Flat Bag's staff usually analyzes the potential

opportunities in foreign markets is by trying to directly **visit potential customers**, illustrating them the product, in order to understand whether or not they could be interested in buying it. When evaluating foreign business opportunities, Mr. Pallaro and the two sales managers focused their attention mainly on:

- **Potential customers:** in the first period of the analysis Flat Bag considered principally supermarkets' retail channels (GDO) as its target customers, then it started to look for other big players that could guarantee to the product a certain level of visibility, such as franchisees operating in the apparel industry, realizing that their demand was high both in Italy and abroad;
- **End users:** Flat Bag's staff examined the level of product knowledge and the preferences showed by end users, discovering that in several countries, like Switzerland, there were high consumption rates of paper bags, due to the fact that end users were already aware of the advantages provided by paper shoppers;
- **Distribution channel** (in particular **agents' network**): in this case the analysis was conducted both on the Italian and on foreign markets, by trying to understand in which countries potential agents developed their network of contacts and in which industry they were specialized, since they should have helped the company in analyzing specific foreign customers and in spreading the product in different geographic areas.

The final decision to exploit a foreign business opportunity is usually taken by the two co-founders on these elements carefully evaluated, even though Mr. Zanchin is more involved in supervising the R&D and production processes than the commercial issues.

3.2.6 International opportunity exploitation

Flat Bag started its international business activities in 2014, five years after its establishment, even though by considering the fact that the company actually started to sell its products in the domestic market in 2014, it clearly appears that the Italian and the foreign markets were approached almost simultaneously. The first foreign market approached was France, a country in which the EU legislation was applied in 2014 and where the entrepreneurs identified the first attractive opportunities during the foreign market analysis. In particular, the co-founders identified an interesting opportunity to serve two French retail chains operating in the bio industry, therefore they started to sell abroad to this kind of customers through an export activity. Later on in 2014, they approached also the Czech Republic's market, recognizing an opportunity in the hotel industry, but they noticed only after the approach that the companies operating in that country were not ready to support their international development, so in that case it was a test with a one-shot export activity. The entrepreneurs started to think about selling

abroad since they recognized that in the domestic market end users were not aware of the advantages of paper shoppers and continued to buy biodegradable bags, since they looked similar to the banned plastic ones. Moreover, they identified Spain and Germany as other two attractive markets to approach that, along with France, will become relevant for the future strategy considering geographic expansion. The co-founders, indeed, are planning to become market leaders in Italy and in the neighboring countries (limited by their company's current structure), maintaining the leadership once the patent related to their product will expire or the competitors buying the license will be able to reproduce it. Concerning this last aspect, it is significant to remark the fact that Flat Bag at the moment holds two international patents, one related to the product expiring in 10 years and the other on the production machinery expiring in 25 years, and, according to Mr. Pallaro, in the future the company will probably start to sign license agreements related to them.

Another future goal fixed by the entrepreneurs is to transform Flat Bag into a mass product, and in this sense the agreements with large companies of the last year revealed to be really helpful, since a large amount of end users started to know the main characteristics of the new product and appreciated them. Flat Bag's international development, however, led the company to face a big issue, since the company managed to approach several new potential customers, but it currently could not satisfy their demand due to the small monthly production capacity.

3.2.7 Environmental variables affecting internationalization process

Flat Bag's internationalization process was fast, even though the company is still obtaining less than 10% of its turnover from foreign business activities, mainly thanks to the EU legislation that provided to the company the opportunity to start to commercialize on a large scale its innovative product. Therefore, none of the environmental factors mentioned by Oyson and Whittaker (2015) was identified by the two entrepreneurs during the interview as being relevantly influent on Flat Bag's accelerated internationalization process.

3.2.8 Entrepreneurial learning effect

Since Flat Bag started its international activities during 2014, its entrepreneurs did not have many occasions to approach different foreign counterparts and to develop a huge former experience allowing them to replicate the most effective practices in exploiting international opportunities. Therefore, in this case the entrepreneurial learning effect, as theorized by Žur (2015), can be linked to the project that the two co-founders are currently carrying on: the creation of a video to **enhance the communication strategy** towards Italian and foreign stakeholders, by presenting the product and explaining its main characteristic. In this way, once

the video will be ready, the entrepreneurs will approach foreign customers with a simpler approach, given that the media tool contains the answers to all the questions that past foreign counterparts asked them. Furthermore, in order to develop an original commercial strategy, the two co-founders decided to hire two employees without former experiences in sales management: this lack of experience, according to Mr. Pallaro, helped them in being more creative while developing new commercial strategies and in learning faster every time they deal with new international opportunities.

Concluding, the entrepreneurs recognized one error they committed in the past: the underestimation of some peculiar end users' habits related to supermarkets' retail channels (GDO), especially in the domestic market. In entrepreneurs' opinion, indeed, a correct interpretation of the habits would have led the company to target other types of customers, instead of being bewitched by the huge figures presented by supermarkets' retail channels.

3.3 Full Spot s.p.a.



Full Spot s.p.a. is a company operating in the fashion industry since December 2009, when it was founded in Padua by Mr. Michele Zanella and another partner following their idea of manufacturing a Made in Italy product, done with a plastic colored material, to contrast the emerging Chinese competition which was invading the Italian market. The first fashion product they designed, manufactured and sold was a wristwatch, but the company rapidly grew and differentiated its product offer, becoming famous worldwide for its O Bag handbags. These bags are an extremely successful product at the moment: originally designed to be used on spare time, they soon become a fashion item different from the traditional leather bags for its material and for the fact that it is the only bag that could be wore either on the shoulder or on the wrist. The company in 2014 had 20 employees and reached an overall turnover of € 20.769.384, with revenues which were almost three times of those realized in the previous year. The company derives most of its revenues from the Italian market, with only 15% of the sales attributable to international activities thanks to the presence in 40 countries; Mr. Zanella, however, acknowledged that the percentages are rapidly changing, because even though Italy continues to be the main market served by 136 stores in 2015, there are several countries in which customers really appreciate the product (62 total stores abroad).

3.3.1 International new venture's typology

Full Spot has an international structure covering the European, the North American and the Far East Asian geographic areas: its headquarter is in Padua, its three branches, namely O Bag Iberia, O Bag France and O Bag USA, and strategic partners and suppliers from several countries outside Italy. The branches are controlled by country managers, who are quite independent in dealing with administrative, fiscal, legal, logistics and commercial issues: in particular, the American subsidiary in Miami has the nature of a trading company, controlling US logistics, distribution, sales and after sales services. The company itself, however, could not manage the huge amount of sales with its three Italian production plants and supply chain network, given that the demand rapidly increased in the last period. Therefore, Full Spot was forced to search foreign suppliers coming from different geographic areas, which helped the development of internationalization process of the company. Moreover, several partners developed Full Spot international sales network through distribution agreements that allowed the company to enter some key markets. By matching these characteristics with Oviatt and McDougall's (1994) classification of INVs, it is possible to categorize Full Spot as a **Global Start-Up**, given that the company has facilities and strategic partnerships in many different countries, across which it coordinates not only sales and logistics, but also other fundamental value chain activities, such as procurement and after sales services. Full Spot, thanks to this coordination of activities, successfully managed to implement its strategy of providing to the customer the same shopping experience in all the stores around the world: the company obtained this result also thanks to the training and formation it provides to district managers, visual merchandisers, agents and stores' staff. The company at the moment is trying to move its whole supply chain network within Italy, in order to continue to manufacture Made in Italy products: in the last period many firms near Full Spot restarted their business activities, closed during 2008 crisis, providing to Full Spot high quality components at a price higher than other foreign suppliers, but anyway sustainable. This process, however, will not lead the company to become a geographically-focused start up, because it is going to increase its worldwide network and probably it will open new branches soon.

3.3.2 Entrepreneurial background before Full Spot's establishment

Before founding Full Spot, Mr. Zanella was the property director in another company working in the fashion industry established near Full Spot, an experience that allowed the entrepreneur to develop his knowledge on managing the restructuration and the design of new stores on an international level and to learn many useful tips related to that kind of business industry. The other partner, instead, before establishing Full Spot, accumulated key competences and skills

in plastic elements' manufacturing through his former work **experience**. Furthermore, the second partner from his previous job managed to inherit a **network of suppliers**, which became key suppliers for Full Spot since the production of its first silicone wristwatch, O Clock, and supported the company while it started its internationalization process. In realizing their first product, the co-founders collaborated with a design studio, exploiting a characteristic they had in common, creativity, which led them to the conception of many other innovative products and to the development of an original commercial strategy, since they had no previous sales management experiences. This characteristic is strongly reflected in Full Spot's company philosophy, always aimed at satisfying customers in an original way, and also in entrepreneur's words "when the world goes right, we go left, or vice versa".

3.3.3 International opportunities' sources

Full Spot's internationalization process started almost one year after the establishment of the company and it was quite fast, even though the entrepreneurs' initial idea was to develop a Made in Italy product in order to contrast the Chinese competition in the domestic market. Therefore, even though the entrepreneurs didn't project to approach foreign markets in the first phases of Full Spot's life, they started to sell O Clocks in Spain and France in 2011. This internationalization process started as a consequence of the successful sales network's development in the domestic market, resembling a process similar to the traditional Johanson and Vahlne's one, but faster. In particular, the entrepreneurs recognized that the new product collection (O Bag) they were developing at that time had the potential to satisfy also foreign consumers' needs, which for some aspects were similar to the Italian ones. This awareness was incremented after the participation to the "Salone del Mobile" in Milan in 2010, one of the first international events to which the company participated, where Full Spot's entrepreneurs get the first contacts with foreign customers. In this case, however, the international opportunity source driving Full Spot to start its foreign business activities in France and Spain could not be matched to any of those acknowledged by Drucker (1985, cited in Žur, 2015).

In the case of United States' market approach, which was the third one for Full Spot, the opportunity source leading the entrepreneurs to focus on that market was an **unexpected event**: an Italian couple, indeed, one day met the co-founders asking to open an O Bag store in Louisiana, since they were moving there. The first answer by the co-founders was negative, because they didn't have enough time to analyze the potential of the US market, but the two Italian guys convinced them that their product could have been successful in the US and that through the first store they could have started to analyze the US market demand.

3.3.4 International opportunity formation

Analyzing Full Spot's international opportunity formation in Spain and France, according to Oyson and Whittaker's (2010) classification, the process could be categorized as an **opportunity construction**. The entrepreneurs, indeed, to manufacture and sell the wristwatches in the two European countries didn't need to develop peculiar competences or company's capabilities different from those exploited to satisfy the Italian market demand. Furthermore, some wristwatch producers sold their products in France and Spain before Full Spot approached the two markets, but the entrepreneurs through their innovative products tried to create a new potential market opportunity, since they aimed to convince foreign consumers to buy silicone watches, products they were not used to wear.

3.3.5 International opportunity analysis

The evaluation of the opportunity to sell the wristwatches to French and Spanish customers was conducted directly by the entrepreneurs, along with sales managers having former international experiences, who already had contacts and knowledge concerning the target markets. In addition to this pool of people, Full Spot in the evaluation of other following foreign market opportunities referred to some external "**developers**" interested in emerging brands, which had important relationships with retailers and distributors all around the world: with the help of these consultants, for example, the company evaluated three large potential partners to enter the Chinese market.

The entrepreneurs and the managers involved in the evaluation process of the first two foreign opportunities in France and Spain **visited** both countries, searching for existing **stores** to buy or potential geographic areas where to locate new retail stores. Furthermore, to evaluate the potential of its products within the industry on an international level, Full Spot participated to **fashion events** such as Pitti in Florence and to Paris trade fair: in particular, the first contacts with foreign counterparts were made during "Salone del Mobile" in Milan on April 2010, which led to the first foreign sales of O Clock.

The group of people involved in the evaluation process of international opportunities, such as in the French and Spanish markets, usually focuses its attention on these variables:

- **End users:** this element is the most relevant, in particular considering that Full Spot competes in the fashion industry, where consumers' opinions are extremely valuable, if compared to other industries; concerning French and Spanish markets, Full Spot recognized that the customers in the two areas had tastes similar to the Italian ones.
- **Location** (and related transport costs): in the first period of its internationalization process, the company focused on countries close to Italy not only for consumers' tastes, but also to

minimize the transport cost. This strategy of carefully evaluating a peculiar location was implemented also later on in order to establish the US branch, because the company opted for Miami for the advantage it presented thanks to its free port facilitating imports and exports towards North and South America.

- **Distribution Channel:** given that Full Spot was born as a wristwatches' producer, before internationalizing the company examined the presence of agents and resellers specialized in the watches industry: the potential distributors were analyzed on the basis of their contacts' network, by evaluating if they could have facilitated the process to approach specific countries. In addition to this, Full Spot, usually evaluates through a meticulous process also where to locate its mono-brand retail stores, by analyzing the location of strategic cities in the target country, identifying the main street and even the most relevant shopping centers. According to these evaluations, the company then decided whether to sell its products through agents, resellers, partners, within multi-brand stores or by opening a mono-brand store independently.

As a proof of the accuracy of the evaluation process in analyzing all foreign markets' aspects there is the fact that no stores were closed since the beginning of Full Spot's business activity. This is the result also of the fact that, after the establishment of foreign branches, an essential support in the evaluation of foreign opportunity was provided by the country managers in Spain, France and USA, who are employees of Full Spot since the first years of activity, thus knowing company's philosophy.

3.3.6 International opportunity exploitation

The team deciding to exploit French and Spanish market opportunities chose a hybrid approach concerning distribution channels, by selling in both markets through directly-owned mono-brand stores and through agents and resellers; these two countries, along with USA, currently represent the most strategic countries for Full Spot and those with the largest revenues. The relevance of the two European markets is highlighted by the fact that at the moment the company has 11 stores in Spain and 10 in France, but the entrepreneurs are planning to open one hundred mono-brand stores in both countries in the next years. Along with the retail stores, in these countries the company also established a subsidiary controlled by a country manager, with an organizational model that, according to Mr. Zanella, works efficiently and allows the company to analyze better the market trend in those countries. However, this approach could not be implemented to enter all the countries worldwide at the same time, because even though it increases the quality of the service and the level of control by the headquarter on the retail stores, it is not always affordable in terms of time, structure and investment. To overcome this

hurdle and internationalize rapidly, Full Spot approached several foreign countries thanks to agreements with distributors which already had their own network and stores in the target countries without opening directly-owned stores, thus simplifying the administration of the foreign business and helping with the bureaucratic issues. Some of these partnerships allowed Full Spot to recognize other three strategic markets for its business, namely China, Mexico and the Middle East area: for example, in China the company will open 200 stores in the next 5 years thanks to the cooperation with a large distributor.

After the product differentiation and launch of the O Bag in 2012, the company faced a huge success both in the domestic and foreign markets and the co-founders stopped to work together due to different ideas on the development of the international strategy. In the second phase of Full Spot's life Mr. Zanella decided to exploit an integrated marketing communication to create an O Bag brand awareness: the company hired new international managers, requalified the sales network, defined the standard store format, implemented a new communication and developed new product collections. Moreover, in order to increase the brand awareness, the company since 2012 opened loads of mono-brand stores around the world: in 2015, for example, Full Spot opened more than 100 stores worldwide.

3.3.7 Environmental variables affecting internationalization process

Among the environmental factors affecting INVs' internationalization processes identified by Oyson and Whittaker (2015), surely **globalization** is the element that helped Full Spot the most in developing its business activities around the world, since in the last years Mr. Zanella recognized that there is a progressive harmonization of customers' tastes around the world. Therefore, in the last years the approach to foreign markets for companies operating in the fashion industry like Full Spot became an easier and faster activity, since the firms needed to adapt their product less to satisfy a larger quantity of customers.

A factor that instead is obstructing Full Spot's international expansion is the issue of the fake products, with the company that is currently strongly fighting the problem suing many producers copying its handbags, even though they are protected by patents.

3.3.8 Entrepreneurial learning effect

The entrepreneur during the internationalization process of Full Spot had to deal with one big issue arising after O Bag's launch: in the international markets approached he still had partnerships with agents and resellers specialized in the watch industry and he recognized that they were not suitable to sell handbags. Once understood the matter, Full Spot started to partner

up with **distributors and agents** specialized in selling fashion accessories in general, which helped to take the product in new different stores, giving them the correct visibility.

Full Spot's internationalization process provided the entrepreneur also more experience in **evaluating foreign market opportunities**: by repeating the analysis process on target countries, indeed, Mr. Zanella and his staff managed to categorize different countries, cities and even shopping centers. This classification is currently helping the team evaluating foreign business opportunities, since now the analysis process is more structured and the decision to exploit international opportunities take less time: concerning countries, Full Spot identified strategic countries in which it needs to invest, standard countries in which it should develop the market and unexplored countries in which it doesn't have to invest. Cities instead are classified into three typologies: in "A" cities the company must open a mono-brand store, either by directly investing or through a partnership, in "B" cities the company could open a store through a partnership or sell within a multi-brand store, while in "C" cities it shouldn't have stores at all. Concluding, Full Spot classified also shopping centers, approaching with a mono-brand store only those in the top 30% of the pyramid they construct, while if it decides to enter in the 70% of the remaining shopping centers, it will opt for selling through multi-brand stores.

3.4 Maikii s.r.l.



Maikii s.r.l. operates in the consumer electronics industry, with a focus on the manufacture and distribution of USB flash drives, being the Italian market leader in design, production and sales and the leading direct importer into Italy of promotional USB drives. Two entrepreneurs, Mr. Matteo Fabbrini and Mr. Francesco Poloniato, established the company on January 2008 in Vascon di Carbonera (TV). Since 2011 Maikii is divided into two main business units, promotional and retail, both helping the company in reaching a total turnover in 2014 of € 10.669.726: around 52% of it comes from international activities, given that promotional business unit accounts for 4,9 mln (20% foreign activities) while the retail one accounts for 5,8 mln (79% foreign activities). The company, however, is quickly developing its international business activities, also thanks to the two foreign commercial branches it established: 2015's turnover estimates are around 19 mln, with € 600.000 coming from the US branch and € 2 mln coming from the Hong Kong branch. The company sells almost worldwide through the retail business unit (only central Africa and India are missing, because there is not a demand), while

the promotional business unit sells mostly in Europe and United States. Furthermore, the firm employs 32 people in Italy, 3 in the USA, 3 in Hong Kong and more than one hundred in the quality control office and in the production plant in China, but these last ones are not direct employees of Maikii.

3.4.1 International new venture's typology

The company has an international structure since 2011, when the entrepreneurs decided to open the first office in China, in charge of controlling the quality of suppliers' products, searching new potential suppliers and understanding the evolution of peculiar suppliers' market, e.g. chip's suppliers. Later on, Mr. Fabbrini established a production plant in China through a JV, because the market demand was so high that one single supplier couldn't satisfy it anymore; moreover, by directly controlling the production plant the entrepreneur managed to manufacture high quality products and certify the whole production process in order to satisfy the customers' needs of the retail business unit. As a consequent step of this Asian market penetration, given its proximity to the quality control office in Shenzhen, in 2012 the company opened a commercial subsidiary in Hong Kong, in charge of Asian sales and supply chain management. In 2014 the company started the process to establish another foreign branch, in the United States: currently the office in San Francisco has the role of managing the US sales, customer care and logistics functions. In addition to the establishment of foreign subsidiaries, another recent step in Maikii's internationalization process development was the agreement with a company in Brazil that started to produce USB flash drives for the company.

Therefore, according to Oviatt and McDougall's (1994) categorization of international new ventures, it clearly appears that Maikii acts as a **Global Start-Up**, because it coordinates across different countries not only logistics activities, but also production, sales and after sales activities that are managed by the subsidiaries, covering almost all the countries in the world through its sales force.

3.4.2 Entrepreneurial background before Maikii's establishment

Before establishing Maikii, Mr. Fabbrini obtained a bachelor degree at the University of Venice and attended a master course at the University of Boston: together, these two experiences allowed the entrepreneur to develop a **global mindset**, recognizing that he was living in a world gradually lowering trade barriers and providing lots of business opportunities for young people on an international level.

Another relevant experience that contributed to the development of the global mindset and to the entrepreneur's formation process was a job in his family-owned business operating in the

tobacco market: he started as an employee in the warehouse during a summer job and he ended up in the purchasing office managing the Far East area. By covering this role, he had the chance to improve some peculiar skills, since he was responsible for the **evaluation of Chinese suppliers and development of products** similar to those currently developed by Maikii. This experience was very important for the entrepreneur because by exploiting his knowledge concerning Asian suppliers of promotional gadgets he founded in 2006 “The Beez”, a company still existing (now Exclama after a merger) that focused on planning and developing promotional gadgets, without simply buying and importing them.

The **network of foreign customers and suppliers** developed by Mr. Fabbrini in his previous two work experiences was helpful in the beginning of Maikii’s international business activity, even if the target customers rapidly changed along with the evolution of the company. These changes later on led the entrepreneur to build the new production plant and strengthen the partnership with only one Chinese supplier, a company in the original network of The Beez with which Mr. Fabbrini built a relationship based on trust.

The experience in The Beez was fundamental and extremely influent in the future steps of entrepreneur’s career, because he understood how to manage an international business through his competences and company’s resources; in this way, his **prospection** capability (Oyson and Whittaker, 2010) led him to establish Maikii as a spin-off of The Beez. Mr. Fabbrini opted for a spin-off because The Beez was a family-owned business and the owners did not approve the project of the entrepreneur to establish a business focused on the USB flash drives’ production and distribution to satisfy a market niche. However, in order to establish Maikii, the entrepreneur needed a partner with competences concerning the online market, since he wanted to base Maikii’s product offer on that media; therefore, he contacted one of his closest friend, Mr. Poloniato, to ask him if he minded to collaborate, given that he used to be employed in a graphic and design studio. The co-founder’s former **experience** was significant in developing a website in which the customer could choose the USB flash drive model, configure himself the product, insert the logo and receive the quote: basically, something similar to an e-commerce platform, which allowed Maikii to catch also foreign customers.

3.4.3 International opportunities’ sources

Technological progress was one of the first opportunity sources that led the entrepreneurs in a first moment to establish Maikii and later on to begin its international activities in France in 2010 with the promotional BU. During those years, indeed, the USB flash drive was becoming a “must-have” tool all around the world, asked by really different customers, from students attending the primary school to companies distributing them as gadgets. This first opportunity

source, however, could not be matched to any of those acknowledged by Drucker (1985, cited in Žur, 2015) and Li (2013, cited in Žur, 2015) described in the second chapter.

On the other hand, the opportunity for the retail BU to approach the German market developed from what Drucker (1985, cited in Žur, 2015) acknowledged as an **unexpected event**: the entrepreneurs, indeed, during a stationery trade fair in Italy to which they participated to look for promotional BU's distributors, met a German distributor willing to sign an agreement related to the retail BU. The partnership with this distributor is still going on: it allowed Maikii to enter the German market with its retail products and to the distributor to resell high quality and licensed USB flash drives.

Moving on, it should be noticed that Maikii faced opportunities not only to sell its products around the world, but also to produce them worldwide: in this sense, an opportunity source essential in Maikii's internationalization process was Li's (2013, cited in Žur, 2015) low **cost of labour** exploited by manufacturing the products in an emerging country such as China. For Maikii's entrepreneurs, indeed, building a manufacturing plant in Italy or Europe with a hundred of employees would have been costly and not affordable from the company's perspective, especially considering it was in the first steps of its history.

3.4.4 International opportunity formation

The international opportunity formation process faced by Maikii's promotional business unit can be identified as Oyson and Whittaker's (2010) **opportunity development**, for the fact that other companies were already selling promotional USB flash drives in the French market but the co-founders needed to develop new firm capabilities, different from those exploited to deliver the product in Italy. Indeed, the co-founders in order to correctly approach French counterparts translated the company website and hired new sales managers speaking foreign languages.

On the other hand, the international opportunity formation process implemented by the retail business unit in 2011 in Germany replicated the dynamics of Oyson and Whittaker's (2010) opportunity creation, since no other companies exploited the opportunity of customizing USB flash drives in that country before Maikii. Moreover, the company needed different capabilities from those developed to serve the domestic market, since it had to adapt the retail product, especially as regards packaging, to obtain the certifications for the German market and to obtain the European license to sell it.

Concluding, it is relevant to notice the fact that during the first opportunity formation processes of both BUs, Maikii needed to develop new firm capabilities in order to provide a certain level

of customization, a fast delivery service and to keep low its prices, all factors that allowed the company to implement a blue ocean strategy.

3.4.5 International opportunity analysis

The two co-founders usually directly carry on the opportunity evaluation process concerning promotional business unit's approach to foreign market, as it happened in the French case, together with the third owner of the company, the business unit manager and the international sales manager. The evaluation process of an internationalization opportunity, even if not directly, involves many other people in Maikii: indeed, almost all the employees know the business goals and company's plans within a specific market, because Maikii is still a young company with a horizontal organization.

On the other hand, when the company needs to evaluate a market for the retail BU, as in the German case, the retail business unit manager is involved in the process instead of the promotional BU manager: the co-founders, indeed, trust both BU managers and want them to participate in the analysis process, also because they are Maikii's employees since 2008 and they have a huge experience concerning the product.

The people involved in foreign market opportunities analysis usually participate to internationally important **B2B and B2C trade fairs**, events in which they knew there is the chance to attract international distributors, agents or customers visiting them, for example the CES in Las Vegas or the IFA in Berlin. Mr. Fabbrini, however, recognized that in the last years companies are changing their approach to trade fairs' participation: once, indeed, sales manager were concentrated on closing deals with counterparts during these events and if they didn't manage to do it, the whole trade fair campaign was considered a failure. On the other hand, currently trade fairs are useful mainly in catching distributors', agents' and customers' attention, and only later, through follow-up initiatives, such as newsletters, calls, emails and online advertising, the sales manager focus on signing agreements with partners.

Another tool helpful for Maikii in evaluating foreign markets was an **internal data set** based on the online website traffic, which showed that the translation of the website in different languages helped to increase the number of visits and e-commerce orders, especially from France. In addition to this, the people involved in the evaluation process visited and studied **potential shops and stores** in which Maikii's competitors were already selling and attracting their customers, in order to understand whether or not the company could have sold its product in the same ones. When the firm needs to evaluate a market for the promotional business unit, however, it does not exploit only these three evaluation tools: for example, Maikii participates to **road shows**, events in which big producers of complementary gadgets present themselves to

potential international buyers and distributors. In the first phases of promotional BU's internationalization process Maikii used to exploit also some **external data sets** to evaluate several markets, but then it stopped, preferring the abovementioned methods.

In evaluating the French market opportunity and the other following internationalization opportunities, Maikii focused on these elements:

- **Distribution channel:** this is the most important variable in the evaluation process for both the business units. In particular, currently Maikii with its retail BU wants to establish a partnership with one (or two) exclusive distributor for each country, while it allows the promotional BU to have several agreements in each country. While analyzing the potential stores in which the product could be sold, Maikii considered traditional electronics shops, but also quite unusual shops, such as games shops, bookstores, coffee bars, supermarkets and online e-shops. The approach to this variety of channels is another demonstration of how Maikii managed to implement the blue ocean strategy with its retail BU, transforming a simple and functional product, the USB flash drive, into an emotional one.
- **Competitors** (and potential followers): the analysis is conducted on the competitors selling online given that Maikii is involved in this kind of market; however, to have a clear knowledge about the entire competition trend, it analyzes also the behavior of promotional BU's competitors selling door-to-door with paper catalogues. Moreover, given that in the retail business it was one of the first companies worldwide to satisfy a particular market niche, Maikii analyzed also the potential followers that could have undermined the presence of the company in some markets.
- **Location:** this variable assumed particular importance in the evaluation of the two commercial branches' establishments. Indeed, the Hong Kong subsidiary is strategic because it constitutes a hub to distribute in the entire Far East Asia region and it is extremely near to Shenzhen, where the quality control office and the production plant are located (because Shenzhen represents the core city in the Far East Asia region for the electronics market). On the other hand, Maikii in the US chose San Francisco to establish its subsidiary mainly because during the market evaluation process it was incubated in M31, which was headquartered there. Moreover, the branch is located really near to the Silicon Valley, a place in which, according to Mr. Fabbrini "it is easy to find and develop new business opportunities, also because Maikii could not live of only USB flash drives for the next 100 years".
- **Product** (licenses): this variable, related to the retail business unit, always needs to be carefully considered by Maikii, because the company has to examine how to obtain the license for a specific target market and if that license could satisfy other markets. Indeed,

it is not simple to obtain a worldwide license (even though holding the European license agreement helps in this sense) and the company usually needs to negotiate with the licensor a deal for each country or area, providing a detailed business plan, paying a royalty and granting him a minimum of sales revenues.

3.4.6 International opportunity exploitation

In 2010 Maikii started to spread outside Italy with its promotional business unit, approaching the French market through agents and distributors, intermediaries that are still helping company's development and expansion within the market: thanks to them, indeed, France is currently the most important market in terms of revenues and it is among the most strategic ones for the firm. Maikii in this market currently has a relevant market share, because the entrepreneurs decided to invade the market and to push out of it a strong competitor based in France. This strategy was successful because Maikii managed to attract French consumers through competitive prices, a high quality service and French-speaker staff. Other features helping in the implementation of a successful internationalization strategy were people's creativity, the licenses agreement stipulated, the level of customization granted to customers and the speed of its delivery service (24-48 hours in Italy, 5-10 days worldwide).

On the other hand, the retail BU, with its business model based on the licenses' acquisitions, performs in a different way abroad if compared to the promotional one, with its innovative products that revealed to be a success since the first year of production: the BU indeed, was established and started its international expansion in 2011, leading to almost € 1.2 mln sales worldwide. In 2012, the entrepreneurs realized that the new division, by focusing on 3D licensed USB flash drives, managed to satisfy a market niche still unexplored by anyone in the market, thus deciding to establish the quality control office in China. The retail division managed to successfully exploit the German market opportunity not only thanks to its product innovation, but also thanks to a big German distributor which helped Maikii entering the market: Mr. Fabbrini highlighted that the same distributor is nowadays the largest distributor worldwide for Maikii, providing to the company more than one million euros of revenues.

In Maikii's international evolution another interesting case of opportunity exploitation is related to the US market: the process to approach the market indeed required a longer time than the ones for France and Germany. This was due to the fact that in the US Maikii wanted not only to find a distributor selling its products, but it wanted also to establish a subsidiary; in this sense, it is really important to highlight that only the process to analyze and evaluate the potential of the market, in collaboration with the incubator M31, took 6 months.

3.4.7 Environmental variables affecting internationalization process

The most important environmental factor among those mentioned by Oyson and Whittaker (2015) that helped Maikii in rapidly developing its international business activities is the establishment of a **global value chain**. In 2015, indeed, the company controls different value chain activities from either the headquarter in Italy or the subsidiaries in the USA and in Hong Kong, managing to successfully coordinate different activities and sell its products throughout the whole world. This characteristic helped Maikii in rapidly approaching distant foreign markets such as the Far East Asian ones: moreover, the company through its branches managed to establish partnerships that it couldn't have reached by owning only the Italian structure.

In addition to this, the **internet** is another environmental variable that helped Maikii in quickly developing its business activities, firstly in Italy and then abroad: the entrepreneurs, indeed, decided to use the web as the main vehicle to create a knowledge about and advertise their products since the first phases of the company's history. Moreover, internet was really helpful for Maikii in the analysis of foreign business opportunities, since without internet and the internal data set the process of gathering information concerning customers would have required a longer time.

3.4.8 Entrepreneurial learning effect

In Maikii's internationalization strategy it is difficult to recognize a clear learning effect as intended by Žur (2015), because Mr. Fabbrini acknowledged that till now he didn't face any case of failure leading the company to leave a market: this, according to his words, is a consequence of one of his characteristics, the strong determination to always reach his goals. The company, however, in the last period is figuring out how to deal with problems in three different countries: in the UK, for instance, the currency exchange rate is unfavorable and the pricing negotiation is difficult, since the promotional market leader is English. Other two example of difficult situations are in the Russian market, because of the current high taxation on imports, and in China, for the existence of several fake products, obviously cheaper than Maikii's ones. The entrepreneurial learning effect could be inferred from the fact that after exploring the first international markets the entrepreneurs realized that the company could not satisfy only its market niche forever: now, indeed, Maikii is trying to **develop new products** and obtain licenses agreement for products such as power banks, wires, phone recharger, headphones and speakers.

A significant variable in the development of Maikii's internationalization process, different from the entrepreneurial learning effect, but with same consequences on the company's performance is the reputation effect: this factor was particularly helpful for the retail business

unit in approaching markets outside Europe, because international licensors already knew the quality of Maikii's products, therefore, they were aiming to sign contracts with the company on the basis of what other licensors told them. However, the reputation effect helped also the promotional business unit to expand abroad, because distributors of different countries met each other during trade fairs and other events and through the word-of-mouth sponsored Maikii as a high-quality supplier of promotional USB flash drives.

3.5 Piron s.r.l.



Piron s.r.l. is a company that designs and manufactures ovens for the professional cooking world, founded by Mrs. Amelia Fiorenzato and Mr. Italo Tommasin on June 2006 in Cadoneghe (PD), even though it effectively started its production in 2008. International activities constitutes 95% of 2014 turnover, which is € 4.540.000, indicating that the company is totally oriented to the satisfaction of foreign market demand. Piron in 2014 had 27 employees and currently covers 65 countries worldwide, on a total of 100 that demand professional ovens, with Europe constituting the most important market along with Africa, while North America and Asia are showing an impressive 30% rate growth in the last years.

3.5.1 International new venture's typology

In order to identify Piron with one of the four Oviatt and McDougall's (1994) INVs' typologies it is important to describe the internationalization strategic pattern the company is trying to implement at the moment. Mr. Bonetto, the interviewed sales manager, explained Piron's international development process by highlighting three different phases:

- 1) *OEM*: When approaching a new market in the first years of its history, Piron looked for "OEM customers" already selling large quantities of products. The OEM customers communicated to Piron the products with the largest demand and Piron supplied products with similar characteristics to those communicated, allowing the OEM customers to sell them through their own brands (they sold also competitor's products in this phase);
- 2) *OEM + Piron brand*: OEM customers started to sell Piron-branded ovens in 2011 (in 2015 the share is 30% OEM - 70% Piron), progressively centralizing marketing and after sales services, managed by the Italian headquarter. In this phase, OEM customers reached an adequate productive and technologic organization, so Piron started to work on its brand and to create relationships based on loyalty with its partners (to share the investment risks) by

delivering products with some new specifics and by introducing sales and marketing innovations;

- 3) *Piron brand*: Piron taught its brand and product philosophy to the OEM customers so that it could be transmitted to end users, allowing them to identify Piron-branded ovens. In this phase, Piron increased the actions to gain the loyalty of the OEM, by introducing the most innovative products and by supporting and coordinating the three levels of the OEM customers' organization: decision makers, technicians and sales promoter. Piron aims to sell products only through its brand in 2017, in order to completely solve the sell-out and the inadequate end users' feedback problems

Therefore, if analyzed through Oviatt and McDougall's (1994) perspective, it is possible to state that Piron evolved during the three phases of its international development process. Piron is currently moving from the second phase to the third one of its international development pattern: indeed, it managed to reach the third phase of its program in almost 20 countries, with the original partners that are acting as actual foreign branches by respecting the strong relationship built with Piron. Therefore, it is possible to state that Piron in the second phase of its international development used to be a Multinational Trader, covering a large geographic area and exploiting low commitment forms of investment, such as OEM or dealership contracts, coordinating only sales and logistics value chain activities across different countries, since it had no foreign branches. Currently, however, Piron should be considered a **Global Start-Up**, since it started to coordinate across almost 20 countries value chain activities such as logistics, sales and after sales services, marketing and other services, activities that are independently carried on by the "foreign branches".

3.5.2 Entrepreneurial background before Piron's establishment

The entrepreneurs, before establishing Piron and implementing the internationalization process, already knew how to wisely manage a business since they owned a company operating in the extracting hood industry and they sold it in 2003 to the market leader. Moreover, one entrepreneur still owns and manages Kosmo, a company producing domestic hobs established in 1997, which allowed him to develop **peculiar skills** in being creative and in processing steel, glass and electronics components, but also to understand end users' needs and how to relate with suppliers and distribution channels, even if they are not the same of Piron. Through these two former experiences, Mrs. Fiorenzato and Mr. Tommasin developed the capability of forecasting the potential consequences of a peculiar market approach according to their or sales managers' evaluations. This competence, called by Mr. Bonetto "business planning capability",

can be traced to Oyson and Whittaker's (2010) **prospection** capability and is a key characteristic that also sales managers should own in Piron.

According to the sales manager's words, the network of suppliers has always been extremely important for company, because over 70% of the components comes from companies within a 10 km distance ray from the Italian headquarter, even though Piron's suppliers did not contribute significantly to the geographic expansion of the company and are not contacts that the entrepreneurs inherit from their former experiences. The location of Piron headquarter is strategic not only for the fact that most of its suppliers operate nearby, but also because thanks to the huge number of companies operating in the area (1 firm every 8 people) Piron could find more than one producer for the same component, allowing the company to better face quantity flexibility and product differentiation and to share risks with its suppliers.

3.5.3 International opportunities' sources

Piron started its internationalization process with the goal of entering into the Russian market: this choice was made because some **legal and commercial agreements** between the Italian and the Russian government created and increased the market demand by removing duties and lowering trade barriers. In this way, the "Made in Italy" products managed to penetrate the Russian market thus creating an Italian suppliers' war to reach Russian importers of many different industries. Considering the professional ovens' industry in particular, another of Drucker's (1985, cited in Žur, 2015) opportunity sources that drove Piron to approach the Russian market was the fact that customers were progressively changing their **perceptions and behavior** about this kind of products. Russian customers, indeed, used to buy cheap Asian products because of their culture, but in the last years they started to change their habits, by evaluating also products coming from Europe: among European products, they considered Italian ones a good compromise in terms of price-quality ratio if compared to the top quality German ones.

3.5.4 International opportunity formation

Analyzing Piron's opportunity formation in Russia according to Oyson and Whittaker's (2010) pattern, the process could be categorized as an **opportunity construction**: this classification firstly derives from the fact that there were new potential market opportunities for professional oven manufacturers, thanks to the market demand created by the inter-government agreements. On the other hand, the technologies and technical capabilities to approach the Russian market were the same used to satisfy the Italian market, allowing the company to better focus on the quantities needed by customers. The entrepreneurs, therefore, managed to quickly approach the

Russian market, thanks to the product and process certifications in line with the European standard, certifications that they hold since the beginning of their activity in the domestic market.

3.5.5 International opportunity analysis

Piron's entrepreneurs decided to evaluate themselves, along with the sales managers, the Russian market opportunity and also those coming afterwards, before exploiting them: they organized **visits to specific potential importers**, participated to **trade fairs** as visitors (now they participate to the three largest trade fairs on a global level) and participated to **country-missions** organized by institutions. According to Mr. Bonetto, the last ones are particularly useful because the institutions target some real potential customers for companies operating in the same business industry, so the investment for every single company is reduced and therefore more affordable especially in the case the analysis does not lead to a potential deal. Piron's staff, after the Russian market analysis, used to gather information on foreign market also by referring to **external databases** or by **consulting professionals**, but currently it stopped since they revealed to be extremely costly for a company of the size of Piron and they didn't provide useful information on the market saturation.

These actions to investigate on the Russian market were replicated also during other foreign markets analysis, always considering as the most important elements:

- **Distribution channel:** the entrepreneurs in the first phases of Piron's history looked for dealers or OEM customers already selling huge quantities. Usually, when visiting potential dealers or OEMs, Piron examines their warehouses, their staff and the standard kitchen of their end users: this is probably the most important variable within B2B transactions, where the level of trust and the relationship in general with the counterpart should be really strong;
- **End Users:** for Piron it is essential to approach only markets where the end users (usually bakeries, pastry shops, ho.re.ca. and food producers) already have a brief knowledge of the existence of the product, in order to have a smaller initial investment. Moreover, Piron focused its attention on markets where Made in Italy products were preferred to German ones for their better price/quality ratio;
- **Competitors** (with particular attention to the **market leader**): to evaluate the potential of one market Piron usually examines how its competitors act and invest in that market. In particular, according to Mr. Bonetto's words "market drivers test and open the market with their capabilities, resources and interpretation of macroeconomic data, creating opportunities that in a second moment the followers should be able to exploit".

3.5.6 International opportunity exploitation

Russia was the first foreign market approached by Piron, in 2008, with a quite fast process, given that Italian and Russian governments through several agreements lowered trade barriers between the two countries: indeed, the process from the initial idea of approaching the Russian market to the first OEM agreement lasted only few months.

Piron's evolution and expansion within the Russian market was fast and it led the company to have 50% of its turnover coming from that market in the period 2010-2012: after those positive two years, however, the Russian market share decreased its influence on the total turnover, and currently it is around 10%. This is a consequence of the fact that Piron managed to approach new markets and differentiated its product offer, continuing to implement a proactive strategy towards foreign markets and to analyze new international opportunities to exploit.

3.5.7 Environmental variables affecting internationalization process

Mr. Bonetto admitted that in the last years the internationalization process of many companies became faster, and so did Piron's one, thanks to its entrepreneurs' strong international orientation: indeed, since Piron's establishment, the profits gained every year were reinvested in the company to develop the internationalization strategy and to face the competition in foreign countries. Moreover, Piron's internationalization process was facilitated and accelerated by the gradual **economic liberalization** affecting several countries around the world, as Russia; the interviewed sales manager added that a similar situation is happening now in Iran, with plenty of Italian manufacturers willing to approach that country after the local government lowered trade barriers.

According to Mr. Bonetto's words, a second environmental factor allowing newborn companies to internationalize more quickly and easily is **globalization**, as acknowledged by Oyson and Whittaker (2015). This phenomenon, indeed, affected also Piron's business industry, since in the last years a fusion between the Asian and European cuisines and tastes is taking place, forcing companies to test new solutions to satisfy the integrating customers' needs.

3.5.8 Entrepreneurial learning effect

Piron, during its international development, experienced some issues in countries where it successfully managed to firstly approach the market: in particular, one of the recurrent matters faced by the entrepreneurs is that OEM customers are scared to be used only as a tool to approach the market and to be abandoned once Piron manages to obtain a lot of precious information on the target country. Therefore, Piron's entrepreneurs are trying to solve this problem through the implementation of their "**3-steps international strategy**", explained in

the “International new venture’s typology” paragraph. In order to be more effective while facing different market conditions and to implement a successful internationalization strategy, Piron codified its best practices through the “**Piron 2015 Essence**” project, following the organizational learning pattern by Zollo and Winter (2002), consisting of experience accumulation, knowledge articulation and knowledge codification. This integrated marketing project needed one year and a half to be completed and consists in a standardization of best practices useful in creating and sharing the company and the brand identity by explaining Piron’s history, experience, products, modus operandi and support to customers. The project is a guide on Piron’s philosophy, which is coherent all around the world, containing direct experiences of brand distributors and end users satisfied of company’s products and services. Another problem the entrepreneurs are currently facing is related to the language, because end users and OEMs’ sales promotor did not always understand English, creating communication problems. Therefore, in the last period Piron is **changing its hiring policies**, by looking for sales managers and technicians with peculiar language competences in order to establish a successful and profitable relationship with its partners and properly communicate and deliver its product offer.

3.6 Plaber s.r.l.



Plaber s.r.l. is a company operating in the advanced protective hard cases industry by producing and selling cases with the HPRC (High Performance Resin Cases) brand and by distributing cases with other brands. The company was established on April 2006 in Bassano del Grappa (VI) by Mr. Davide Bertossi and another company based in Correggio (RE) operating in the plastic molding and injection industry, which supports the design and produces the technical hard cases.

Plaber’s products are developed to satisfy peculiar market niches, since the cases produced by the company are bought and used by photographers, video reporters, first aid rescuer, police and even military soldiers. Therefore, the products can be found in 76 countries, leading the company to reach a € 7.988.553 overall turnover in 2014, of which around 90% comes from international business activities. In 2014 Plaber’s employees were 15 in total, but the figure is growing year after year also thanks to the fact that the firm is developing abroad through new structures.

3.6.1 International new venture's typology

Plaber s.r.l. developed its international business activities soon after the establishment, with a pattern really similar to the one of a born global as defined by Knight and Cavusgil (2004): in addition to this, the company is satisfying a particular market niche, another born globals' characteristic, recognized by Tanev (2012). Considering born globals as a subgroup of international new ventures, it is possible to classify Plaber as an Oviatt and McDougall's (1994) **Multinational Trader** because it has implemented a low commitment investment strategy by coordinating mainly sales and logistics value chain activities across many different countries around the world. Mr. Bertossi, however, is planning to invest and develop Plaber's international presence, since in 2016 it will acquire an office and a warehouse in the USA, establishing its first foreign branch, fulfilling activities such as US sales management, logistics and customer care services.

Concluding, the US branch establishment is relevant for Plaber's strategy because it will probably start a "domino effect", with the entrepreneur evaluating some opportunities to invest and buy other distributors' structures and facilities, converting them into Plaber's branches, in order to establish a more direct relationship with the end users in the most relevant markets.

3.6.2 Entrepreneurial background before Plaber's establishment

Plaber's international success is partly attributable to some characteristics the entrepreneur developed before the establishment of the company, given that he already had an **experience** in a company producing flight cases and aluminum cases. Therefore, he accumulated a huge knowledge concerning the product and he developed his competences to produce professional cases, inheriting also a great passion for the product, since according to Mr. Bertossi "the case is a tool describing the people carrying it, by gathering information on it and representing its history".

Furthermore, Mr. Bertossi's former **network of contacts** had a significant influence on Plaber's processes of establishment and consequent international development, since for example he already had contacts with the company that supported him in co-founding Plaber. However, the most useful entrepreneurial characteristic in developing Plaber's international business activity is Mr. Bertossi's **global mindset**, developed during his studies, since he lived in France and in the USA, and also once concluded his studies, given that he lived for a period in California. In particular, this last experience was significant in affecting his future foreign market approach because, according to him, "going abroad for a while is important in order to amplify your own cultural luggage and to behave positively towards foreign people and companies". Concluding, during the US experience Mr. Bertossi learnt that someone making errors is not considered in

a negative way, but rather it is seen as someone who at least tried to do something, an approach which strongly influenced his entrepreneurial attitude.

3.6.3 International opportunities' sources

The opportunity source that led the entrepreneur to establish the company and later on to approach the first foreign market, France, was the fact that **consumers**, e.g. the technicians travelling around the world, were progressively changing their **habits**, since they were carrying littler tools within their cases and they were using less aluminum cases.

A second opportunity source, always included among those mentioned by Drucker (1985, cited in Žur, 2015), that drove Mr. Bertossi to approach a foreign market was the presence of **market inefficiencies** in the US market, and in the French one as well, since the entrepreneur recognized that the US competitor was not performing well as regards customer care, stock availability and other services. For instance, Plaber managed to sign a contract with a big company in the USA, because the US competitor refused to supply an order of 300 pieces considering it too small, allowing Plaber to become a supplier of the company.

3.6.4 International opportunity formation

Mr. Bertossi in order to prepare Plaber to approach the French market in 2006 didn't need to develop firm capabilities or acquire resources different from those implemented to satisfy the Italian market, given that the company since its establishment sold the same products around the world without any peculiar adaptation due to specific foreign customers' needs. Moreover, even though some of Plaber's competitors were already selling their products in France, the entrepreneur decided to approach firstly that market because he recognized new potential opportunities related to services: the customers, indeed, were not satisfied with the services provided by Plaber's competitors. Therefore, considering both these elements, it is possible to identify the opportunity formation process implemented by Plaber as Oyson and Whittaker's (2010) **opportunity construction**.

3.6.5 International opportunity analysis

The entrepreneur himself takes care of evaluating Plaber's opportunities to approach foreign markets, along with a team of sales directors who can help him in understanding how the company could exploit the opportunity and expand its international presence. The evaluation of French market was quite fast, since the company sold the first product abroad in France after less than one year from its establishment. Another analysis process that was quite rapid was the one concerning the US market, but for a different reason: the entrepreneur strongly wanted to

approach that particular market since the customers were already aware of the technical characteristics of the cases thanks to the formation by the market leader. The decision of the entrepreneur in the two cases of French and US market were really fast, even though it usually requires time and calculations in order to be precise and not to fail the approach to a foreign market. According to Mr. Bertossi, the entrepreneur needs to be quick in making the decision to approach a specific foreign market, since he cannot lose any opportunity and in doing this, he has to take some risks, even though he bases his decisions on careful evaluations.

The people carrying on the evaluation process concerning an international opportunity to gather information usually **visit and contact potential customers**, analyzing also sales data coming from **public sources**, even if Plaber do not always use datasets when collecting information. Another relevant method exploited by the company to analyze a potential market is the participation to **trade fairs**, even if they usually require a huge investment, given that the company needs to find those related to its market niche. In addition to this, Plaber's staff usually visit to **competitors' distributors**, gathering useful information on competitors' behavior and strategy on foreign markets.

In evaluating the French market opportunity and the other following internationalization opportunities, Mr. Bertossi and its team focused on these elements:

- **Competitors** (with particular attention to the **market leader**): to evaluate the potential of a specific market Plaber firstly examines how the competitors act and invest there. In particular, from competitors' distributors the company can collect information concerning average prices, technical characteristics of the cases and the penetration of the market. For example in England, Plaber noticed that the market leader was selling more in percentage than Plaber if compared with the market shares in other countries;
- **Potential Customers**: Plaber analyzes the customers of its largest competitors, remaining focused on its market niche, by trying to understand which products they liked the most and which kind of services they were giving value. This last aspect in particular was essential in influencing Mr. Bertossi's decision to approach French and US market, since he understood that customers needed specific services.
- **End users**: Plaber before approaching a specific market evaluates whether or not the target end users are aware of products' characteristics and in particular if they give value to them: for instance in the US market, the entrepreneur realized that end users were well informed;
- **Product**: before approaching a foreign market, Plaber examines the "best seller" products, focusing on the technical characteristics perceived as the most important by the end users. The company adopted this evaluation strategy since its establishment, given that it began to produce its cases by analyzing the five most profitable cases of the market leader, trying

to improve the most important features. Plaber started with competitors' bestseller products also because the molds are expensive and the company couldn't afford to buy many of them since the beginning of its operations.

3.6.6 International opportunity exploitation

Plaber started its international business activity in 2006 by approaching through several distribution agreements the French market, a market in which the company is still selling and one of the most profitable within Europe. Europe, indeed, has been the target market in the first years of Plaber's operations, even though the entrepreneur considered it only as the first step of the internationalization path, aiming to approach the US market, which was already mature in terms of product typology and pieces sold. The company entered the US market in 2008, but only after 2012 it started to invest more resources through a more structured approach: in the first years the US turnover was around \$ 200.000, due mostly to the fact that the distributors were not supplying a good service during and after sales. Nowadays the US turnover of Plaber is around € 2,5 mln, but the process to penetrate into the market is quite slow because there are export taxes (20%) on products entering USA. However, the company in 2016 will open its own branch in the US, and once it will reach a critic mass of customers it will probably begin also to directly produce there, overcoming the taxation hurdle.

Along with the USA, the geographic areas strategically relevant for Plaber in the future, those in which the company is willing to expand, are: Germany, in which the company developed a strong relationship with one main distributor, like in France; China, in which the firm has a relationship with one distributor that helps in dealing with the geographic distance; and United Kingdom, a market in which the company will soon open a subsidiary to raise its revenues, trying to lower the market share of the US competitor in that market.

3.6.7 Environmental variables affecting internationalization process

According to Mr. Bertossi, Plaber's internationalization was rapid firstly thanks to the global **economic liberalization** going on in these last years, with progressively lower trade barriers simplifying the sales processes of many different recently-established firms around the world if compared to the situation before 2000, even though in some markets, like in the USA, he is still facing some issues.

Another environmental variable allowing Plaber to exploit international opportunities quickly is **globalization**, acknowledged also by Oyson and Whittaker (2015) in their framework: indeed, the entrepreneurs recognized that customers worldwide are leveling out, with English language allowing people to communicate all around the world and tearing down language barriers.

The **internet** is another vehicle allowing Plaber to have a quicker internationalization process if compared to those implemented by less recent companies: the internet helped Plaber in evaluating foreign markets in a more rapid way, facilitated the communication with the customers and consequently enhanced the sales process, with customers that nowadays have more possibilities to reach directly the company.

3.6.8 Entrepreneurial learning effect

Plaber's internationalization process has been fast and got the company to deal with foreign markets almost since its establishment: this led Mr. Bertossi and his staff to accumulate a huge international experience during these years, according to what Žur (2015) conceptualized as entrepreneurial learning effect. One of the most important issues the entrepreneur and the sales managers noticed after some negative experiences is that distributors are no more efficient in selling the products abroad, especially if there is an exclusive relationship with only one distributor for each country. The entrepreneur is currently facing the issue by gradually **stopping to sign distribution agreements**, since some distributors revealed to be a limit to the expansion of the company in specific markets and customers were progressively leaving distributors apart in order to directly approach the company. Therefore, the entrepreneur is now implementing different ways to sell Plaber's product abroad in order to communicate better with customers, to receive a more useful feedback, to understand their needs and to satisfy them. The entrepreneurial learning effect, as described by Žur (2015), can be identified within Plaber's internationalization process also with the changed **approach towards customers**, since the entrepreneur learnt that in the last years a service-based one is more appropriate, considering the environment in which Plaber is competing. In particular, Mr. Bertossi recognized this progressive change during the approach to the US market, realizing that the level of customization allowed and the customer care service supplied were important variables to satisfy more customers, especially after 2008 financial crisis. Indeed, before 2008 customers looked for potential suppliers considering fundamental their products' quality and companies didn't need to make efforts to attract customers, while these days competition forces companies to catch customers' interest by communicating, by showing innovation capabilities and by supplying high quality services, which are Plaber's strategic strengths.

Concluding, during the international development of his company, Mr. Bertossi realized that in the last years firms need to gradually standardize the communication with customers all around the world. The entrepreneur, indeed, **adapted his hiring policies** since he is facing the destruction of cultural and linguistic barriers: currently he tries to hire employees with former

international experience, knowing that it is really important in every worker's background to know how to deal with cultural differences and to manage foreign counterparts.

3.7 Vigovo s.r.l.



Vigovo s.r.l. is a manufacturing company operating in the industry of plastic egg packaging, trading also plateaux, carton and other packing materials. It was founded by Mr. Mattia De Zanetti and other two entrepreneurs on April 2007 in Padua, but it effectively started its production on February 2008 and in 2014 had a total of 31 employees. The three entrepreneurs in establishing the company were financially supported by an investor, the current parent company of Vigovo, which is also an internal customer for the company, with Vigovo receiving almost 50% of its total turnover from it. However, international activities build up 10% of Vigovo's 2014 turnover, € 10.926.492, with the most important foreign markets being France, Spain, Greece, Austria, Switzerland, Germany, Malta, North Africa and United Arab Emirates.

3.7.1 International new venture's typology

According to Oviatt and McDougall's (1994) classification of international new ventures, it is possible to categorize Vigovo as an **Export/Import Start-Up**, given that the company is only exporting its products with a low commitment investment approach in the target markets. Therefore, through the export activity Vigovo is managing and coordinating across the different countries mainly sales and logistics value chain activities, even if in the past it considered to open a production plant abroad. Concerning the geographic area, the company, as highlighted in the previous paragraph, currently focuses on the European market, mainly because it is limited by the transportation costs, that over a certain distance make the export activity unprofitable.

3.7.2 Entrepreneurial background before Vigovo's establishment

The three co-founders of Vigovo, namely the current operation and logistics managers and a former sales manager, before establishing their company, were employed in a company operating in the same business industry, which currently is a small competitor of Vigovo. This previous **work experience** allowed the three entrepreneurs to deepen the knowledge of the market practices related to that particular industry, an element that afterwards allowed them to rapidly develop Vigovo internationalization process.

Moreover, the three entrepreneurs inherited from their former company also a huge **network of contacts**, such as the largest supplier, which is Italian and is the market leader providing components to most of their foreign competitors, and the customers in France, which helped the sales manager to enter that particular market. However, even though the three entrepreneurs thanks to their former work experience approached foreign counterparts and increased their international experience, they didn't manage to develop a global mindset as theorized by Žur (2015), and this created some issues to them after they established the company, in particular in dealing with French customers' culture in a correct way.

3.7.3 International opportunities' sources

The three co-founders decided to start Vigovo's internationalization process in 2008 by trying to engage customers in France, mainly because the sales manager thanks to his former work experience already had contacts with several customers in that market. The sales manager managed to establish a relationship based on mutual trust with these customers in the past, and once he started Vigovo's business activity, the customers decided to continue to buy products by dealing directly with him and not his former company. Therefore, in Vigovo's case it is not possible to connect the origin of international operations with one of the sources identified by Drucker (1985, cited in Žur, 2015) or Li (2013, cited in Žur, 2015).

3.7.4 International opportunity formation

Analyzing Vigovo's opportunity formation in France through Oyson and Whittaker's (2010) framework, the process could be categorized as an **opportunity discovery**. The entrepreneurs, indeed, didn't recognize any new potential market opportunity in France, since the competitors already created a market demand for plastic egg boxes before Vigovo's establishment. Furthermore, the entrepreneurs did not need to develop new firm capabilities in respect of those used to satisfy the Italian market, given that initially they used machineries they already owned to produce boxes and sell them to French customers. After the first period of sales in France, however, the co-founders needed to buy new mold machines worth € 150.000 each and to employ more expert technicians to control them, because some French customers started to require smaller boxes than those sold in the Italian market.

3.7.5 International opportunity analysis

The evaluation of the French market opportunity was conducted by Mr. De Zanetti and the other two entrepreneurs, in particular by the sales manager, as he was responsible for the internationalization strategy of Vigovo.

The three entrepreneurs usually evaluate potential opportunities in foreign markets firstly by personally **visiting** the chicken and hen farms, because they constitute Vigovo's target **customers**. Secondly, the entrepreneurs regularly participate to **trade fairs** in order to gather information on the entire production chain: the most important event related to Vigovo's business industry is in Utrecht in the Netherlands. The entrepreneurs, however, in order to study a foreign market and understand how their products need to be presented to end users visit **supermarkets and other shops** where eggs are usually sold. During the whole process of evaluation the entrepreneurs are supported by the parent company, since it provides capital, analysis' instruments, such as **databases**, and a purchasing manager who monitors the oil trend (given that the boxes are made of plastic) and also the performance of the suppliers.

While evaluating the feasibility of the French market entry, but also the following ones, many elements were considered:

- **Product** and the related **services**: the entrepreneurs usually analyze if the egg boxes sold abroad are the same ones sold in Italy and if supermarkets prefer to sell plastic or paper boxes. Furthermore, the three co-founders evaluate how fast the company manages to fill the trucks to deliver the product and if customers give value to other services, such as the customization of the boxes' graphic;
- **Potential customers**: Mr. De Zanetti, the logistic manager, analyzes the number of farms and their distance from the headquarter, in order to understand the feasibility of a specific country approach, since the boxes' transport is profitable within 1500-1700 km. Moreover, the three entrepreneurs at the beginning of their international activity analyzed mainly large potential customers, i.e. those with more than one million chickens/hens, and only after larger customers' engagement the entrepreneurs moved to reach new smaller customers;
- **End users**: the sales manager needs to study the quantity of eggs consumed in the target market and also end users' perception and tastes, e.g. Germans like PET boxes because they resist and they are transparent, allowing to show their traditional colored eggs;
- **Competitors** (with particular attention to the **market leader**): before approaching French market in particular, the three entrepreneurs examined if there were egg boxes producers, with the aim of analyzing their strategic positioning in supermarkets in case they were present. The entrepreneurs found out there were no plastic egg boxes' producers, but there was only one French producer of paper boxes, which currently collaborates with Vigovo on the paper boxes market. The main competitors in the European market of Vigovo are established in Italy, Slovakia, Hungary, Spain and Poland: in particular, the Slovakian producer is the market leader and Vigovo carefully tries to understand its moves in each foreign market, in order to propose a better product offer.

- **Location** (and related transport costs): Vigovo's staff focuses on this variable while evaluating every foreign business opportunity, trying to approach mainly countries close to Italy to minimize the transport cost, given that it becomes unprofitable to deliver products over 1600 km. Transport costs are one of the causes that induced Asian producers not to approach the European market, since they couldn't make profits, even though they have lower costs in manufacturing.

3.7.6 International opportunity exploitation

Vigovo started its export activities in France at the end of 2008, more or less one year after the establishment of the company, thanks to the French customers' contacts inherited by the sales manager from his previous company. The estimated time passed from the initial idea of approaching French market to the first activity of export was around five months, even if Mr. De Zanetti added that in order to have a complete view of a particular market Vigovo usually needs one year or one year and a half depending on the market.

Vigovo today is still exporting to France, also thanks to its efficient market analysis based on relevant elements: in the past it even considered the idea of establishing a foreign branch in that country, by building a production plant in order to lower the transport costs, given that the French market was the main source of foreign revenues for Vigovo. The idea, however, after some evaluations by the three co-founders, was not carried on and pursued, also because during the analysis the parent company suggested not to proceed with the project in that moment and to focus on the domestic market, that seemed to be more profitable.

3.7.7 Environmental variables affecting internationalization process

Mr. De Zanetti stated that **internet** is nowadays allowing Vigovo and other recently-established companies to internationalize really quickly, since it helped the diffusion of knowledge concerning products, machineries and processes, something that in the 80s was quite difficult to observe. The internet, indeed, for Vigovo is really helpful in speeding up the analysis process of foreign business opportunities, because without that tool the company would have needed more time to gather information and to approach foreign customers. Furthermore, the entrepreneur added that trade barriers are progressively lowering and facilitating exporting activities of Vigovo and of its competitors, affecting in a relevant way the **transport costs** related to the trucks' transfers around Europe. Moreover, in order to lower even more transport costs and to try to build a competitive advantage on it, at the moment the logistics manager is studying how to enhance Vigovo's delivery system by applying some relevant changes to the products.

3.7.8 Entrepreneurial learning effect

After a first period of fruitful exports in France, the sales manager that co-founded Vigovo decided to leave the company in 2012, leading the company to the decision of stopping foreign activities until it would have hired a new sales manager. Therefore, in 2012 Vigovo hired a new sales manager responsible for the French market, and this revealed to be a successful move, because thanks to his friendlier, simpler and more direct approach to customers he managed to restart export activities soon. The two co-founders who still carry on the business, thanks to the new sales manager who overcome the cultural barriers, understood that their former partner couldn't cope with the French customers in a proper way: therefore, along with the new sales managers, they are currently trying to **enhance the process to approach new foreign counterparts** from other countries without committing the old errors.

Analyzing Vigovo's case, the entrepreneurial learning effect as derived by Žur (2015) can be associated also to the fact that the two co-founders tried to overcome linguistic barriers causing issues in the approach to foreign counterparts by **changing their hiring policy**. Vigovo's staff, indeed, currently tries to hire sales managers with strong linguistic competences, without necessarily requiring the candidates to have former experiences in the business industry.

CHAPTER 4

HOW DO NEW VENTURES DEVELOP ABROAD?

Introduction

In this chapter the companies will be deeply analyzed through a careful comparison, focusing on the indications derived in the former chapter, with the aim of demonstrating that the internationalization processes of the international new ventures examined have several elements in common. Therefore, the structure of the chapter will trace the one used to introduce the companies in the previous chapter, in order to compare the processes that led the entrepreneurs to exploit international opportunities: the integration of the theoretical frameworks by Oyson and Whittaker (2010; 2015) and Žur (2015) with the findings derived from the empirical analysis will help in suggesting eight propositions and in drafting a “new” opportunity-based approach to international entrepreneurship. Concluding, the last section provides several hints on how academics could broaden the domain of international entrepreneurship through future researches, in particular concerning the opportunity-based perspective.

4.1 General Information

The following paragraphs will be helpful in analyzing the issues related to the six companies’ internationalization processes, through a careful comparison of the findings explained in the previous chapter. At first glance, it is possible to notice that that the six international new ventures operate in **different business industries** and do not conceive themselves as competitors, even though they all have in common the fact that they are manufacturing companies selling products rather than services.

From the analysis of the turnover records, collected thanks to AIDA online dataset, it emerged that in 2014 Full Spot was the company with the highest amount of sales, while Flat Bag the firm with the lowest one: it is curious to highlight that they are the two “youngest” companies in the sample, both established in 2009, but they differently developed their businesses.

Turnover 2006-2014	2006	2007	2008	2009	2010	2011	2012	2013	2014
Flat Bag s.r.l.					0	15.924	115.901	321.093	408.295
Full Spot s.p.a.					1.448.515	3.753.143	4.451.725	7.784.112	20.769.384
Maiki s.r.l.				1.082.636	3.109.275	4.548.082	6.311.357	8.671.335	10.669.726
Piron s.r.l.		12.901	271.773	643.774	2.306.254	3.873.062	5.388.180	5.161.947	4.540.000
Plaber s.r.l.	953.281	1.795.799	2.046.066	1.857.667	2.492.272	3.063.302	4.002.266	4.980.594	7.988.553
Vigovo s.r.l.		0	3.408.620	6.379.923	7.128.835	9.039.695	10.366.816	10.910.980	10.926.492

Table 3. Turnover data 2006-2014: case studies. Adapted from: AIDA server's data

The table illustrating companies' turnovers from 2006 to 2014 underlines an important result achieved by the examined firms: all the six international new ventures managed to **grow** every year since their establishment, even if in two cases, Piron and Plaber, firms' turnovers faced a period of slight decrease. In addition to this, the table suggests another important hint: all the six firms managed to increase their turnovers in the year when they started their activities abroad (the year during which the companies firstly approached foreign markets is underlined in orange in the table). In the case of Flat Bag, the data of 2015 turnover was not available in AIDA dataset, but it was provided directly by the entrepreneurs during the interview, telling that the figure is almost the double of the one reached in 2014. This information concerning INVs' first year of foreign business activities, however, cannot suggest any evidence, for the fact that the companies did not provide the percentage of foreign turnover in those years, so it is not possible to understand whether international operations affected significantly turnover's growth or not.

In order to better compare the growth of the six companies, it is helpful to reorder the data by considering the turnovers from year t_0 , which depending on the first data available in AIDA corresponds to the year of the establishment or the following one. This graph highlights the growth path of the six INVs, including the average data of the first four years (black dashed line): the choice of four years as main period of analysis was forced by the fact that two firms were established in 2009 and the dataset provided only five figures relatively to their turnovers.

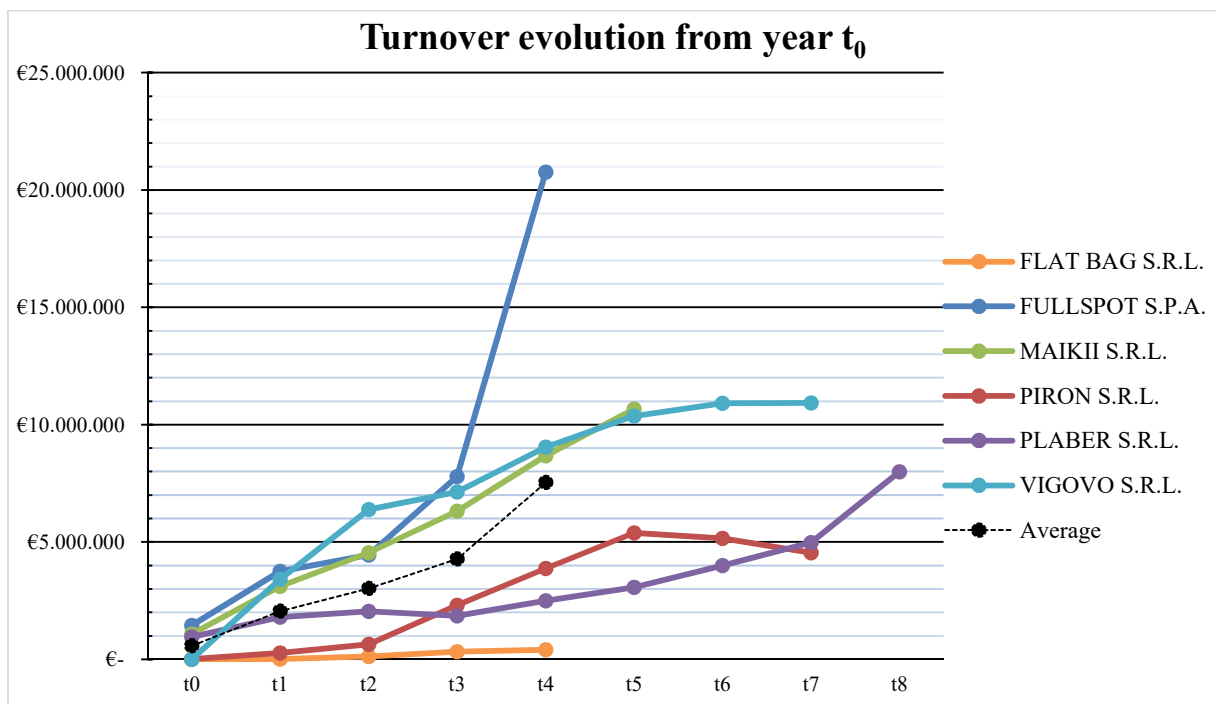


Figure 12. Turnover data from year t_0 : case studies. Adapted from: AIDA server's data

This graph remarks the fact that all the examined international new ventures managed to grow since their establishment, a result that is supported also by the trend shown by the average data

of the first four years of INVs' business activities. However, in order to quantify and understand the year-to-year growth path of the six companies it is helpful to consider the turnover data of t_1 , t_2 , t_3 and t_4 , excluding t_0 from the analysis because that specific data does not represent a whole complete year.

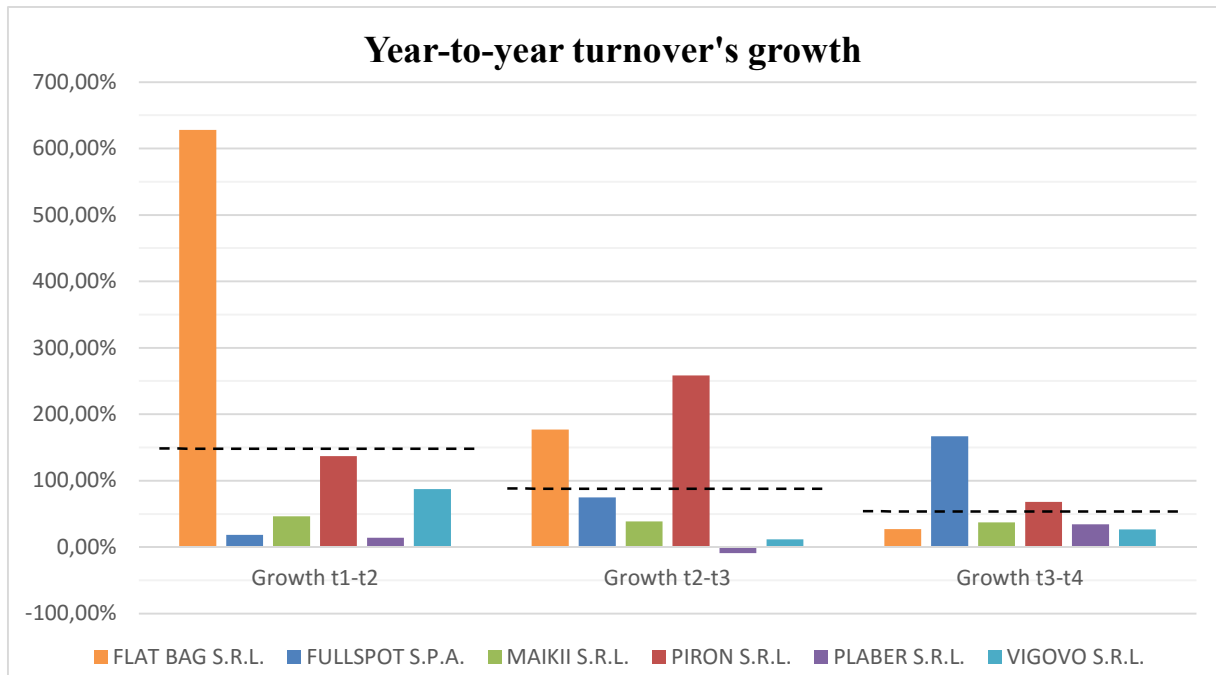


Figure 13. Year-to-year turnover's growth from t_1 to t_4 : case studies. Adapted from: AIDA server's data

This graph helps in comparing INVs' growth rates and in analyzing how much each company managed to increase its turnover from one year to another, highlighting that, for instance, Flat Bag, even though being the company with the lowest turnover, showed a growth rate of 627,84% from t_1 to t_2 . In addition to this, it is possible to claim that, on average, the six companies' turnover increased by 155,12% from t_1 to t_2 , by 91,91% from t_2 to t_3 , by 60,05% from t_3 to t_4 and showed a compound annual growth rate (CAGR) from t_1 to t_4 of 84,15%. However, since the sample includes only six companies and they are all competing in different business industries, these percentages concerning turnovers' growth do not provide any significant general evidence.

Moving on, the analysis of the third chapter provides another figure to compare, i.e. the amount of **turnover attributable to foreign business activities** in 2014: the following graph representing the six international new ventures' situations shows that they differently developed their activities abroad. Indeed, the colored slices of the graphs illustrate the turnovers' percentage attributable to the six firms' foreign business activities, with the lowest being Flat Bag's one (1,5%) and the highest being Piron's one (95%).

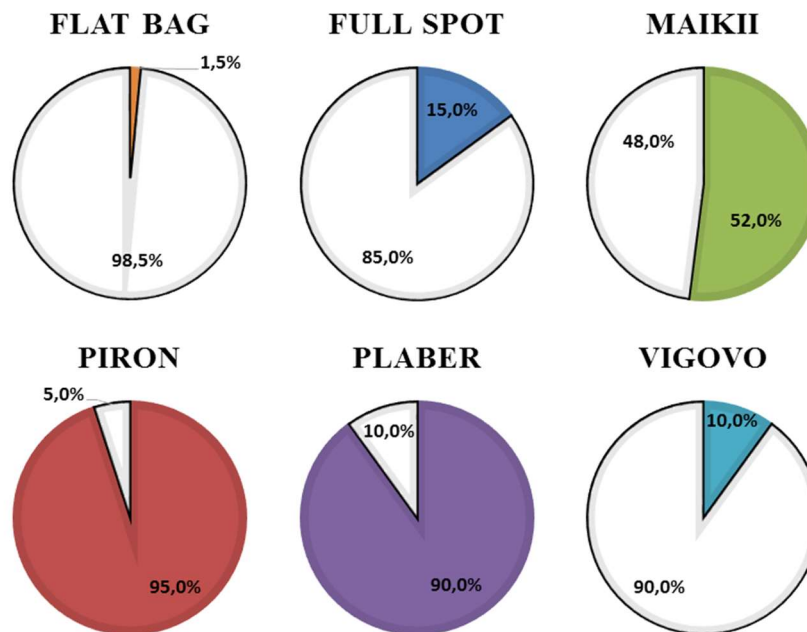


Figure 14. Percentage attributable to foreign business activities: case studies. Source: interviews with the INVs' managers

Anyway, even though international activities carried on by the six firms affect the amount of total turnover in a different way, it should be remarked that all the entrepreneurs showed a **strong orientation and commitment towards foreign markets** during the interviews, since all of them aim to increase their INVs' international presence in the future years.

4.2 International new ventures' typology

In this section the comparison among the six companies is based on Oviatt and McDougall's (1994) classification, with the two authors that identified four main typologies of international new ventures according to the number of value chain activities coordinated across different countries and the number of countries in which the companies operate. According to these two criteria, it is possible to identify within the sample:

- three **Global Start-Ups**;
- two **Export/Import Start-Ups**;
- one **Multinational Trader**.

Full Spot and Maikii are two examples of global start-ups that currently have branches outside Italy and through them coordinate across many countries more value chain activities than the mere sales and logistic ones. A special mention in this category should be made to Piron, given that this INV did not establish foreign subsidiaries, but it is coordinating across almost 20 countries around the world value chain activities such as logistics, sales, marketing and after sales services, thanks to strong relationships built on trust with its OEM customers, who behave as actual Piron's branches. The case of Piron is particular because the company is implementing a "3-steps internationalization strategy" to progressively develop abroad: currently the

company is in the third phase of its process in almost 20 countries, but before this it could have been considered a multinational trader, because it was managing only logistics value chain activities across many different countries through low commitment investments.

Flat Bag, Plaber and Vigovo, on the other hand, coordinate only sales and logistics activities across different countries through low commitment investment strategies: however, they differ considering the international presence, given that Flat Bag and Vigovo are focused on few European markets, while Plaber sells in countries all over the world.





INVs typology		Number of countries involved	
		Few	Many
Coordination of value chain activities	Few activities coordinated across countries	Export/Import Start-Up 	Multinational Trader 
	Many activities coordinated across countries	Geographically Focused Start-Up 	 Global Start-Up 

Figure 15. International new ventures' typology: case studies. Adapted from: Oviatt B.M. and McDougall, P.P. (1994), fig. 3, page 59

By analyzing the two criteria acknowledged by Oviatt and McDougall to classify the different international new ventures and by comparing the situation of the six companies examined, it is possible to derive this first proposition:

P1: International new ventures rapidly evolve by following a growth path leading them to coordinate an increasing number of value chain activities across different countries and to expand the geographic area in which they operate.

This proposition is supported by the fact that usually INVs start their internationalization processes through low commitment investments, as most of the analyzed companies did, in few foreign countries located near their domestic market. After the beginning of their business activities abroad, however, usually international new ventures expand their geographic presence by establishing branches, managing to develop their structures and to coordinate across different countries more value chain activities than the mere logistics and sales ones. Therefore, coherently with international entrepreneurship theory, these companies establish an international presence in the first years of their activities thanks to a process leading the entrepreneurs to deal with international opportunities also in far regions of the world. This is in contrast with Johanson and Vahlne's (1977) Uppsala stage model, given that INVs manage to approach foreign countries showing a great psychic distance from their country of origin since

the first years of their international business activities. Furthermore, these companies enter this kind of markets by skipping the first step of the Uppsala model, which theorized that firms internationalize through occasional exports in the first phases of their expansion abroad, because they usually develop and implement a structured approach to foreign markets.

It should be remarked that INVs' international development is strongly related to the business industry in which they compete, because for instance two analyzed companies were limited by the fact that over a certain distance it becomes unprofitable to export their products due to the transport costs. The proposition, however, suggests that if there are no limitations imposed by resource scarcity or by the business industry, international new ventures tend to evolve until in the long term they reach the status of global start-ups, coordinating many different value chain activities across several foreign countries around the world.

4.3 Entrepreneurial background before international new ventures' establishment

In this paragraph the attention is focused on the entrepreneurial background in order to understand how it influenced the beginning of each international new venture's foreign business activities.

At first glance, it appears clear that all the entrepreneurs had a former **work experience** in at least another company, which provided them peculiar capabilities and knowledge related to the business industry, the products or the processes to produce them. These former experiences revealed to be essential for entrepreneurs not only to establish their international new ventures, but also to consequently understand how to manage foreign market opportunities in order to successfully exploit them. Another important driver of the internationalization process for five companies was entrepreneurs' **network of contacts and stakeholders**, who were helpful in the implementation of their strategies, both on a domestic and on an international level. In particular, the entrepreneurs during the interviews highlighted that the network of contacts helpful in the development of their international business activities was composed by:

- both suppliers and customers in two cases;
- only suppliers in two cases;
- the co-founder company in one case.

Moreover, two entrepreneurs before establishing their international new ventures managed to develop a **global mindset** thanks to their travels and experiences around the world, through which they learned the importance of intercultural differences and their management, starting to understand how to deal with counterparts coming from different areas of the world.

Another relevant antecedent of the internationalization process for three companies was the strong **prospection** capability showed by the entrepreneurs who managed to establish other

firms that they are still owning before founding the INVs, being able to creatively imagine the possible combinations of firms' resources with the external environment and to forecast the potential consequences of their integration.

The analysis of entrepreneurs' backgrounds of the six case studies, according to the theoretical findings of Oyson and Whittaker's (2010) and Žur's (2015) models concerning the antecedents of international opportunities' formation, lead to the second proposition:

P2: Entrepreneurs are usually characterized by a solid background of knowledge, skills and network of relationships developed before establishing international new ventures, which becomes useful to better deal with future foreign business opportunities.

This proposition is supported by the fact that all the entrepreneurs of the examined firms did not started their careers by directly establishing an international new venture, even though some of them were almost 25 years old when they did it, but they formerly were employed in (or even established) other firms. Therefore, it should be remarked that entrepreneurs' previous experiences could significantly affect the way in which they discover or create international opportunities and consequently the way in which they manage to cope with foreign counterparts. In particular, former work experiences influence entrepreneurs' background by enhancing their:

- **Knowledge:** the entrepreneurs can increase their knowledge related to a specific business industry, a foreign market, a product or even particular assets or companies' processes;
- **Skills:** the entrepreneurs can develop peculiar competences and capabilities related to the development of the product or the management of companies' stakeholders;
- **Relationships:** the entrepreneurs deal with people and companies, thus enlarging their network of contacts and potential stakeholders.

These three factors are significant to improve both international market awareness and opportunity alertness, elements that, according to Žur (2015), lead the entrepreneurs to develop a certain level of proactiveness while approaching foreign business opportunities. This last feature, however, is extremely useful not only while entrepreneurs face international opportunities to develop their businesses abroad, but also during the crucial step of international new ventures' establishment.

Concluding, surely the entrepreneurial background of knowledge, skills and the network of relationships of almost all the INVs' entrepreneurs helped them to deal with international opportunities in a significant way, but it should be added that also the development of a prospection capability and of a global mindset are two important elements allowing the entrepreneurs to rapidly cope with foreign business opportunities. Indeed, entrepreneurs who manage to further both the variables during their former activities have an easier task when

dealing with their first international opportunity, since they can better forecast the possible consequences of determined actions and they know how to better deal with foreign counterparts having a different culture.

4.4 International opportunities' sources

During the first years of companies' business activities, all the entrepreneurs of the six international new ventures came across opportunities' sources triggering the process to approach foreign markets. Considering the first international opportunities' sources faced by the entrepreneurs of the six firms, it is possible to notice that they were quite heterogeneous, since they were related to:

- **political or institutional changes;**
- **changes in customers' habits;**
- **former relationships with foreign customers;**
- **product potential** to satisfy foreign consumers' needs;
- **technological progress.**

Therefore, not all the first foreign business opportunities' sources faced by the entrepreneurs through their international new ventures can be traced back to Drucker's (1985, cited in Žur, 2015) or Li's (2013, cited in Žur, 2015) opportunities' sources acknowledged in the second chapter. However, the empirical evidence allows to derive the third proposition:

P3: International new ventures' entrepreneurs implement a step-by-step approach to look for foreign business opportunities, firstly focusing on opportunities' sources allowing them to sell rather than to produce abroad.

This proposition suggests that entrepreneurs, while looking for opportunities to begin their business activities abroad, usually pay more attention to foreign business opportunities' sources allowing an international development by selling rather than by producing in a foreign country. This is probably connected to the fact that generally opportunities' sources leading INVs' entrepreneurs to start to think about the expansion of their business activities abroad are the same ones that brought them to establish their companies. Therefore, it is possible to derive that entrepreneurs of these companies in most of the cases considered the idea of beginning to sell abroad their products even before the INVs' establishment, and they are alert to potential opportunities to sell their products abroad soon after they found their INVs. In addition to this, it should be remarked that international new ventures in the first phases of their business activities are usually small or medium enterprises, therefore, they do not own enough resources and are not sufficiently structured to develop abroad their production facilities. Indeed, it is easier for INVs' entrepreneurs to directly export their products or to find partners distributing

them abroad rather than to establish a foreign production facility or a partnership with a foreign producer. Therefore, usually it happens that international new ventures analyze whether or not it is more profitable to produce in other countries, focusing on variables such as the foreign country cost of capital and cost of labour, only once they started to sell abroad their products. This is due also to the fact that INVs' entrepreneurs carefully examined where to locate the production plant before establishing the company, taking into account variables as the distance from the most important suppliers and customers. Furthermore, the case studies underlined that in some industries producing "Made in Italy" goods provides a competitive advantage over competitors, therefore in several circumstances moving the production plant abroad could become an issue for international new ventures' entrepreneurs.

4.5 International opportunity formation

In this section the comparison among the six case studies is based on Oyson and Whittaker's (2010) framework, which identified four main typologies of international opportunities' formation according to the potential combination of firm capabilities with market opportunities operated by the entrepreneur. By analyzing opportunity formation process in this way, it is possible to recognize that entrepreneurs of the six examined international new ventures understood and drove the dynamic interaction between firm capabilities and potential market opportunities, forming the first international opportunities in these ways:

- **opportunity construction** in four cases;
- **opportunity discovery** in one case;
- **opportunity development** in one case.

Therefore, the case studies highlighted that no entrepreneurs managed to drive the formation of the first international opportunity through a creative combination of both new firm capabilities and new potential market opportunities, a process identified as opportunity creation by the theorists. In addition to this, it is relevant to remark the fact that the company in which the entrepreneurs perceived an already existing international opportunity and discovered it, Vigovo, managed to approach foreign markets only one year after the establishment. This means that, in general, the discovery, if compared with the other opportunity formation processes, lead INVs' entrepreneurs to react to the opportunity and to implement an international strategy more rapidly, in line with the theoretical findings by Oyson and Whittaker (2010).







Opportunity Formation		Market Opportunities	
		Current	New
Firm Capability	Current	Opportunity Discovery 	Opportunity Construction    
	New	Opportunity Development 	Opportunity Creation

Figure 16. Opportunity formation: case studies. Adapted from: Oyson, M.J. and Whittaker, D.H. (2010), fig.2, page 6

By considering the different international opportunities' formation processes developed by the six firms, it is possible to derive the following proposition:

P4: The first international opportunity formation is mostly associated with the construction of new foreign market opportunities rather than the discovery of existing ones, leveraging firm capabilities and resources already exploited to satisfy the domestic market.

This proposition is related in particular to the opportunity formation process identified by Oyson and Whittaker (2010) as “the construction of a new market opportunity that a firm has the present ability to meet”. The process of opportunity construction most of the times is related to the development of innovative products or services by international new ventures, with entrepreneurs preparing the future approach to the foreign target market through ideas that are still not exploited by their competitors. This is particularly significant, because INVs don't behave as simple followers of the market leader in the target foreign country as it generally happens to small enterprises during their first internationalization experiences, but they try to look for new market opportunities to be exploited.

In several circumstances, as the case studies demonstrated, innovative products and services originate from an adaptation process, implemented by international new ventures' entrepreneurs in order to satisfy specific needs showed by foreign target customers. Moreover, the proposition asserts that entrepreneurs do not necessarily need new firm capabilities or to acquire new resources and assets in order to develop innovative products or services, since they can do it also through capabilities and resources the company already exploited to satisfy the domestic market. In this way, the process leading INVs' entrepreneurs to form international opportunities by understanding and driving the dynamic interaction between firm capabilities and potential market opportunities is faster than opportunity creation, because there is no need of improving the capabilities or resources the company already owns.

Concluding, it should be noticed that new international market opportunities can be created not only through the development of innovative products or services, but also by external factors e.g. new rules lowering trade barriers: in that case, INVs' entrepreneurs do not need to develop necessarily innovative products or services, but they will face a higher competition given that the opportunity could be potentially exploited by every company.

4.6 International opportunity analysis

This paragraph compares the international opportunity analysis processes implemented by the six international new ventures, focusing on three different elements: the people involved, how these people invest resources, efforts and time to analyze the target markets' opportunities and on which elements related to the international opportunities they concentrate their evaluation. First of all, by investigating on who are the people involved in the evaluation process of international opportunities in the six companies, it emerged that **entrepreneurs** always cover a central and essential role during the whole process, even though they can be supported by other figures, such as:

- **sales managers** or other managers (e.g. business unit manager), usually people the entrepreneurs trust, preferably with former international experiences;
- **relevant shareholders**, since they share the investment risks;
- **external stakeholders**, e.g. consulting professionals, with a certain level of knowledge concerning the industry and/or the foreign target market.

Moving on, from the analysis of how the entrepreneurs of the six international new ventures usually invest resources, efforts and time in order to evaluate potential foreign business opportunities, it emerged that, along with their staff, they:

- visit and/or participate to international trade fairs and events related to business industry;
- visit potential customers;
- visit potential distributors or importers;
- gather information stored in external databases, even if in one case the INV developed its own internal one.

By operating in this way, the people involved in the analysis process of international opportunities manage to gather information from different sources that allow to develop a clearer view of how to approach the foreign target market; these entrepreneurial actions help to transform potential opportunities in concrete ones, ready to be exploited.

Lastly, the entrepreneurs of the six firms, while evaluating international opportunities' viability, usually focus their attention on several key aspects related to the opportunity:

- **competitors**, with particular attention to the moves of the market leader or the potential followers;
- **distribution channels**, understanding in which countries potential agents, distributors and resellers operate;
- the **product**, along with its characteristics and related services;
- **potential customers**, focusing on big-sized ones in the first phases;
- **end users** and their tastes, since in several circumstances they do not correspond to INVs' direct customers;
- the **location**, intended as the geographic area of the target country, for issues related to the branches' establishment or transport costs.

Therefore, the entrepreneurs of the six international new ventures during the evaluation process of international opportunities need to cognitively bring together and reinterpret several variables that were acknowledged also by Oyson and Whittaker (2015) while explaining the creation process, with the transformation of potential opportunities into entrepreneurial ones. Therefore, it is possible to derive this proposition on the evaluation process of international opportunities by INVs' entrepreneurs:

P5: International new ventures' entrepreneurs develop structured processes in order to evaluate the potential of international opportunities, by involving internal and external knowledgeable people, by integrating different methods of analysis and by focusing their judgements about the feasibility on a variety of relevant variables.

This proposition highlights a phenomenon that is quite uncommon for small enterprises like the ones examined, because usually entrepreneurs managing SMEs take charge of the whole analysis process concerning particular business opportunities without the support of other figures. By involving other people in the evaluation process, however, the entrepreneurs manage to put together different perspectives and opinions, developing a process based on information sharing that can enhance the quality of the analysis. In particular, entrepreneurs manage to improve the process of international opportunities analysis when they manage to involve either internal or external knowledgeable people, people with a developed international experience, or people they trust and with whom they worked for a long time.

Entrepreneurs, however, are trying to formalize and structure the whole internationalization process of their INVs by integrating different methods of evaluation, without wasting resources, efforts and time through unrelated actions. Indeed, they are no more passive actors simply responding to external stimuli through one shot export activities, but they are willing to understand how to correctly approach a foreign target market by gathering information from

different sources in order to exploit the opportunity in the best way. The integration of several entrepreneurial actions to evaluate international opportunities is essential for INVs and can become helpful in comprehending how much profitable the exploitation of an opportunity can be, even though the implementation of different methods of analysis could imply high costs for these companies. Through this process of integration, the entrepreneurs, along with their staff, manage to make their decisions concerning the exploitation of a potential international opportunity on a more solid basis, since they collect information related to different aspects of the same foreign business opportunity. Furthermore, entrepreneurs are gradually changing their approach to some traditional methods of evaluation, as for example trade fairs: indeed, currently entrepreneurs are no more focused on directly closing deals during these events, but they exploit these occasions with the main aim of catching the interest of potential customers, distributors or partners. Only once the event will conclude, the entrepreneurs, along with their staff, will try to approach the counterparts in order to sell their products or to establish a partnership through follow-up initiatives.

Furthermore, entrepreneurs are structuring the evaluation processes of their international new ventures also concerning the variables on which they have to focus in order to judge the viability of the potential future exploitation. Indeed, supported by their staff, they usually try to deeply examine the international opportunities they came across, by considering variables that potentially can affect the result of the consequent opportunity exploitation process. Therefore, the entrepreneurs try to analyze international opportunities from different sides, by considering variables such as the product sold, the competition, the distribution channels, the potential customers, the end users, the current firm's capabilities and resources and the geographic area where the target country is located.

Concluding, the formalization of the evaluation process concerning international opportunities is particularly helpful for INVs' entrepreneurs in order to prepare the approach to the foreign target markets minimizing the risks related to the consequent opportunity exploitation, as it will be explained in the next paragraph. Moreover, the development of a structured analysis process allows the entrepreneurs to examine and to deal with more international opportunities at the same time and to accelerate the process of internationalization, given that the people involved in the evaluation process already knew how to gather information and reinterpret it to make a decision.

4.7 International opportunity exploitation

The exploitation process of the first international opportunities implemented by the entrepreneurs of the six companies could be analyzed considering four main variables: the first

foreign market approached, the time elapsed from the establishment to the first international business activity, which market entry mode the entrepreneurs chose and how the INVs evolved in the first market approached.

Concerning the first foreign market approached, it is possible to notice that all the entrepreneurs of the examined companies targeted an **European country** in order to begin their international business activities: this can be related to Zahra and George's (2002) "proximity" concept, since if compared to the Italian market, France, Spain and Russia generally present less differences in market practices, national culture or customers' needs and habits than non-European countries. In some cases, an additional reason why entrepreneurs opted for these foreign markets was the fact that they were limited by transport costs: for several products, indeed, being transported to far countries become unprofitable, therefore the entrepreneurs needed to target countries bordering with Italy.

Furthermore, all the entrepreneurs of the analyzed firms exploited the first international opportunity within five years from the establishment of their INVs: however, by considering the amount of time elapsed from the actual beginning of domestic operations to the first international business activity, the period for all the six INVs reduces to less than **2 years**. Therefore, it is possible to notice that all the entrepreneurs started to think about the international development really soon after (in some cases alongside) the beginning of their business activities, coherently with the international entrepreneurship frameworks identifying speed as one of the relevant dimensions of the process (Oyson and Whittaker, 2010 and 2015; Żur, 2015).

Moving on, it should be noticed that the entrepreneurs of the six firms exploited their first international opportunity by implementing quite different strategies related to the approach to foreign customers, such as:

- direct sales through an **export** activity in two cases;
- indirect sales through **contractual agreements** (distribution and OEM agreements) in three cases;
- through a **hybrid approach** in one case, by selling directly through owned stores and indirectly through distributors.

The different entry modes chosen and the judgements developed during the former analysis process by the entrepreneurs of the six companies to approach the first foreign country revealed to be successful in all the cases, since all the international new ventures are still operating in the first foreign market they targeted. Moreover, it is relevant to add that five companies managed to evolve and to expand their activities in these markets during the following years, testifying once again that the process of evaluation conducted by the entrepreneurs and their

staff allowed them to minimize the risks related to the market entry. Therefore, international new ventures managed to grow and expand rapidly in the first targeted countries, as demonstrated by the fact that entrepreneurs currently recognize these countries among the most strategic and profitable ones for their companies, being in many cases the most important source of foreign turnover. The analysis of the different international opportunity exploitation processes implemented by the six firms allows to derive the following proposition:

P6a: International new ventures' entrepreneurs rapidly exploit foreign business opportunities.

This first proposition suggests that international new ventures' entrepreneurs usually manage to exploit foreign business opportunities within a short time, in the sense that the process to pass from the decision concerning a foreign market entry to the moment of the actual approach is usually fast. This is mainly due to the fact that entrepreneurs currently think about developing their businesses abroad even before the establishment of these companies, without conceiving the domestic and foreign markets as two different entities, but as markets providing the same opportunities for the INVs' development. Therefore, nowadays entrepreneurs are no more focused on their domestic market or only on specific foreign markets, but they are trying to discover or create opportunities that could be exploited all around the world through their companies, also because the opportunity space, as conceived by Žur (2015), is progressively enlarging and providing more opportunities thanks to the environmental conditions that will be explained in the next paragraph. This perspective is completely different from the one adopted by Johanson and Vahlne in their Uppsala stage model, since the two authors claimed that companies needed to firstly develop within their domestic markets and only once they managed to do it they could have approached foreign markets. Another element the two authors recognized in their model was the existence of push factors, conceived as drivers of a shortage of business opportunities in the domestic market leading entrepreneurs to search for opportunities abroad. This specific circumstance sometimes could be faced also by international new ventures, and in these cases the exploitation of international opportunities could be forced by the absence of opportunities or by difficult situations within the domestic market, transforming the opportunity to develop abroad into a necessity rather than an option.

However, the speed of international opportunity exploitation could be related also to other elements, as underlined in the following proposition:

P6b: The exploitation of international opportunities is fast thanks to the fact that entrepreneurs invest more time to judge their viability during the implementation of the process of analysis (see P5).

This second proposition suggests that INVs' entrepreneurs rapidly exploit international opportunities because the process is based on the structured analysis described in the previous paragraph, which allows them to understand the feasibility and the potential risks related to the foreign market entry mode. Therefore, the process of exploitation of foreign business opportunities by international new ventures is accelerated thanks to the fact that entrepreneurs prefer to take a longer time with their staff in analyzing all the variables that could affect the approach to the foreign target market, without hastening and forgetting to consider all the potential consequences of the market entry on the overall firm's performance. It should be added that the structured process of analysis is essential for the success of each international opportunity exploitation, since it allows entrepreneurs to understand which are the foreign business opportunities with the highest potential and which could be the most suitable entry modes to exploit them and consequently expand in the target market. Again the internationalization process implemented by INVs' entrepreneurs contrasts with the one identified by the Uppsala stage theory which asserted that firms begin their activities abroad through occasional exports, since in this case the exploitation of the foreign business opportunities is the result of a structured process of analysis and happened through forms implying a higher level of commitment than sporadic exports.

Furthermore, the process of opportunity exploitation implemented by the six companies allowed to derive another proposition:

P6c: International new ventures' entrepreneurs rapidly exploit foreign business opportunities thanks to their aim of establishing a direct relationship with customers since the first approach to the target market.

This proposition suggests that INVs' entrepreneurs manage to quickly exploit foreign business opportunities because they usually aim to establish a direct relationship with foreign customers and end users since the beginning of their activities abroad. Indeed, as several case studies demonstrated, in the first phases entrepreneurs try to gain legitimacy and create product and brand awareness among customers and end users by opening directly owned stores or by approaching big partners as importers, distributors or B2B customers that already deal with the market leader and sell huge amounts of products. These stores and big partners provide international new ventures a certain level of visibility in the market by spreading their products all over the target country and by getting customers and end users to buy the products, consequently allowing the company to establish relationships also with small partners.

Concluding, it is possible to assert that INVs' entrepreneurs manage to rapidly exploit the business opportunities they face, in particular the first ones, since in the first phases they usually target foreign countries showing a high proximity (Zahra and George, 2002) to their domestic

ones. Indeed, the process of opportunity exploitation and the consequent expansion within the first foreign market for several examined INVs was accelerated by the fact that the entrepreneurs already faced similar market practices, national culture or customers' needs and habits when they dealt with domestic opportunities.

4.8 Environmental variables affecting internationalization process

In this paragraph the attention is focused on the environmental factors acknowledged by Oyson and Whittaker (2015) in order to understand how they influenced the six firms' internationalization processes and if they contributed to the rapid development of international new ventures' foreign business activities. In particular, during the interviews the entrepreneurs identified as influent on the "acceleration" of their INVs' internationalization processes environmental variables such as:

- **Internet** in three cases, facilitating not only the approach and the communication towards foreign customers, but also the evaluation of international opportunities thanks to the knowledge diffusion it allowed;
- **Globalization** in three cases, allowing to lower linguistic and cultural barriers, with customers worldwide that are progressively leveling out their knowledge and melting their tastes through a continuous contact;
- **Economic liberalization** in two cases, progressively tearing down trade barriers among different countries;
- **Cheap transportation** in one case, facilitating the delivery of products around the world;
- the potential access to complementary assets in **global value chains** in one case, providing the INV peculiar assets and partners otherwise unreachable by developing operations only on the domestic market.

According to the entrepreneurs of five companies, these environmental conditions are still providing them an increasing number of international opportunities and also helping them in speeding up INVs' internationalization processes, regardless of the business industry in which they operate. This lead to the following proposition:

P7: The environmental conditions acknowledged by Oyson and Whittaker (2015) are gradually leveling out the differences between domestic and foreign markets, allowing entrepreneurs to face and exploit international opportunities since the beginning of INVs' business activity.

This proposition suggests that the environmental conditions identified by Oyson and Whittaker (2015) in their framework, namely internet ubiquity, advanced technologies, cheap

transportation, globalization, economic liberalization and potential access to complementary assets in global value chains, are contributing to accelerate INVs' internationalization processes. According to the authors, these environmental variables since the 1990s are influencing the pace of companies' internationalization processes, and the evidence collected during the interviews with the INVs' entrepreneurs demonstrated that these conditions are still strongly affecting these companies' strategies to approach foreign markets. Probably, along with these conditions, also the development of international finance and the fact that human capital became more internationally mobile, two variables acknowledged by Oviatt and McDougall (1994), significantly contributed on how international new ventures' entrepreneurs face and consequently deal with foreign business opportunities. Indeed, this remarks that environment and its conditions have been conceived as variables determining the pace of INVs' internationalization processes and their development abroad long before Oyson and Whittaker, since, for instance, along with Oviatt and McDougall (1994), also Zahra and George (2002) recognized their relevance in the IE framework illustrated in the first chapter. Therefore, INVs' entrepreneurs really need to pay attention and to care about all these current environmental conditions, especially because they are significantly leveling out potential customers' knowledge, they are allowing people and resources to move in a more rapid and cheap way through different countries and they are facilitating the process of contamination among different cultures and tastes. These new conditions are not only contributing to the acceleration of the internationalization process of recently-established companies, but they are also providing an increasing number of opportunities to entrepreneurs, who, as explained in the former paragraph, are progressively finding less differences in dealing with domestic or international opportunities.

Concluding, once understood and recognized the importance of the surrounding environment, entrepreneurs need to comprehend how their own skills and their international new ventures' resources can be integrated with environmental variables, in order to successfully deal with potential foreign business opportunities and to consequently exploit them in the most effective way.

4.9 Entrepreneurial learning effect

This last section compares the six companies considering Žur's (2015) theoretical conceptualization of entrepreneurial learning effect: according to the author, this variable determines the iteration and consequent enhancement of formation and exploitation processes of international opportunities, making internationalization a circular process.

The analysis of the six case studies highlighted that entrepreneurs significantly contributed to the internationalization processes of their companies since their establishment, becoming the main drivers of it: by repeating the approach to foreign counterparts, they managed to learn how to better cope with and exploit international opportunities in the future. Almost all the entrepreneurs, indeed, faced challenges and difficulties while approaching the first foreign markets, also because, in the beginning of their business activities, INVs were not structured to develop abroad. Anyway, the reiteration of international opportunities' management during the years led the entrepreneurs of the six international new ventures to:

- improve the **sales management** in three cases, by modifying the relationships with distributors or correcting the approach to foreign customers;
- enhance **hiring policies** in three cases, by considering important the potential cultural and language issues faced in the past;
- implement a more efficient **communication strategy** in two cases, by re-elaborating foreign customers' feedbacks and by codifying company's philosophy;
- standardize the **evaluation process** of international opportunities in one case, in particular by structuring the judgements related to several variables;
- develop an **international development strategy** helpful in exploiting future foreign business opportunities in one case, by considering the best practices derived from former successful and unsuccessful approaches to foreign countries;
- develop **new products** in one case, by carefully examining the current and forecasting the potential future tastes of foreign customers.

In addition to this, the entrepreneurs of the six firms, thanks to the repetition of internationalization processes, managed also to increase their international experience, to develop their skills in approaching foreign markets, and to enlarge their own network of relationships, all variables contributing to the enhancement of future potential internationalization processes. Therefore, from the analysis of case studies it is possible to derive the following proposition:

P8: The accumulation of international opportunities allows INVs' entrepreneurs to improve their own capabilities and to enhance their companies' practices, eventually leading them to rapidly reshape the processes to identify, analyze and exploit foreign business opportunities.

This proposition suggests that the internationalization process implemented by INVs' entrepreneurs could not be conceived as a linear pattern, since it does not conclude after the exploitation of the first foreign business opportunity. Indeed, the entrepreneurial learning effect, as illustrated by Žur (2015), creates a relationship among the several opportunities identified

and consequently exploited by the entrepreneurs, by connecting former experiences with future behavior and establishing a feedback loop. Therefore, every time entrepreneurs approach a foreign market, they manage not only to enhance their skills and knowledge related to that specific market, but also to understand how these capabilities could relate to the management of potential future opportunities, both on the domestic and foreign market level. In addition to this, entrepreneurs dealing with a high number of international opportunities can rapidly increase their international experience and can exploit it to support the growth of their companies by enhancing practices and processes helpful in the implementation of strategies related to the approach to foreign counterparts. In order to enhance the whole internationalization process of their companies, the entrepreneurs that approached many different countries and managed to collect a sufficient amount of information about how to deal with them, usually start to analyze the right and wrong elements within the processes. This analysis is quite uncommon for small enterprises and often results useful to derive potential best practices, which help entrepreneurs and their staff in standardizing the most effective processes to implement the international strategy, sometimes even through their codification to create new knowledge within the firm. Moreover, it is relevant to add that in several situations, as the case studies demonstrated, entrepreneurs go beyond the analysis of good aspects and errors related to the internationalization process: indeed, by facing an increasing number of foreign markets, they even start to reflect on whether their products or services could still satisfy their customers and how their businesses could potentially develop abroad in the future.

Concluding, the entrepreneurial learning effect, as in Žur's (2015) framework, should be considered the most significant variable in influencing the iteration of INVs' internationalization processes and the consequent enhancement of foreign business opportunities' management by entrepreneurs. In particular, its relevance is related to the fact that the entrepreneurial learning effect improves all the phases of INVs' internationalization process, from the formation to the exploitation of opportunities abroad. In addition to this, it should be underlined that through the creation and development of the best practices the entrepreneurs have the possibility to influence and improve processes related to really different functional areas such as research and development, human resources management, marketing and sales management, as it happened in the case studies.

Conclusions

The cross-case analysis presented in the former paragraphs allowed to derive eight propositions concerning how international new ventures' entrepreneurs deal with foreign business opportunities and which are the main variables influencing the internationalization processes of this kind of companies. In this paragraph, the analysis of the internationalization processes of the six case studies will be integrated with the theoretical frameworks examined in the second chapter in order to theorize how international new ventures develop abroad, through a “new” opportunity-based approach to international entrepreneurship, as illustrated in the following scheme:

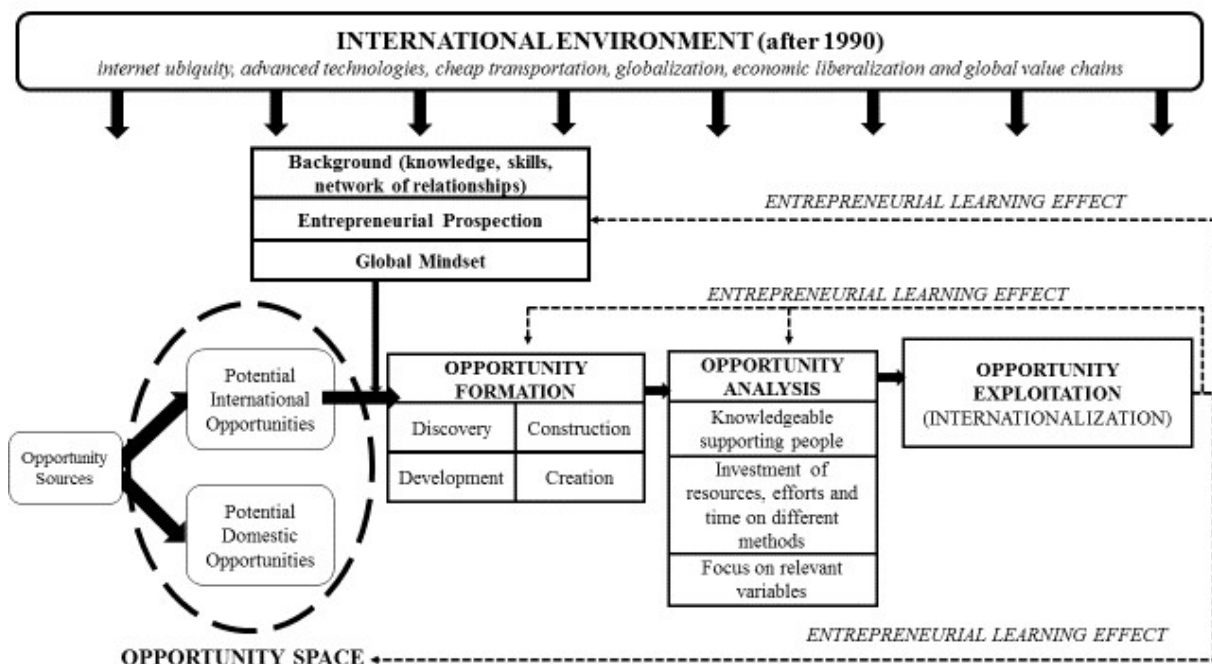


Figure 17. An opportunity-based approach to international entrepreneurship. Source: own elaboration.

This opportunity-based approach to international entrepreneurship focuses the analysis on how entrepreneurs of international new ventures deal with foreign business opportunities and how they developed their activities abroad. Therefore, first of all it should be underlined that according to Oviatt and McDougall (1994) there exist four **typologies of international new ventures** classified by analyzing the number of value chain activities coordinated across different countries and the number of countries in which the companies operate. The case studies highlighted that international new ventures evolve and follow a growth path that lead them to coordinate an increasing number of value chain activities across different countries and to progressively expand the geographic area in which they operate, becoming global start-ups if they are not limited by their resources or business industries.

Moving on, this framework recognizes that potential opportunities can be generated by either the market environment or the entrepreneurs themselves: in particular, concerning the first ones, Drucker (1985, cited in Žur, 2015) and Li (2013, cited in Žur, 2015) identified several

opportunities' sources generating innovative opportunities. The case studies, however, revealed that opportunities could be generated also by other sources than those mentioned by the two authors and that usually international new ventures' entrepreneurs in the first phases of their activities focus more on opportunities' sources allowing them to sell rather than to produce abroad. These generated opportunities could be categorized as international or domestic ones according to the countries in which the INVs have been established, even though this classification is only theoretical since the case studies demonstrated that entrepreneurs in the last years are not conceiving anymore the domestic and foreign markets as two different entities. These potential domestic and international opportunities, if grouped up together, constitute the **opportunity space**, defined as Žur (2015) did, "the pool of potential opportunities which are identified by the entrepreneur and are possible to exploit".

The case studies underlined the fact that entrepreneurs' former work experiences can significantly affect not only international new ventures' establishment, but also how entrepreneurs discover or create potential international opportunities and consequently cope with foreign markets' counterparts. As a result of these former work experiences, entrepreneurs are usually characterized by a solid **background** of knowledge (related to the business industry, products, companies' processes or foreign markets), skills and relationships helping them in enhancing international market awareness and opportunity alertness, elements that, according to Žur (2015), lead them to develop a certain level of proactiveness while approaching foreign business opportunities. Moreover, it should be added that along with the entrepreneurial background, during their former work experiences, entrepreneurs could develop a **prospection capability**, as defined by Oyson and Whittaker (2010), and also a **global mindset**, as defined by Žur (2015), two variables that could support them when they discover or create for the first time potential international opportunities. Opportunity discovery and creation, however, are only two of the four ways in which entrepreneurs could understand and drive the dynamic interaction between firms' capabilities and potential market opportunities: this process, recognized by Oyson and Whittaker (2010) as **opportunity formation**, according to the state of the two variables could be classified also as opportunity construction or development. The case studies highlighted that several firms try to construct new market opportunities through the development of innovative products or services: therefore, these international new ventures didn't behave as small enterprises usually do during their first internationalization experiences, given that they do not act as simple followers of the market leader in the target foreign country. After the creative combination of companies' capabilities and potential market opportunities, the entrepreneurs start to focus their attention on the international opportunity in order to judge its feasibility and the risks associated to it. The **opportunity analysis** carried on by international

new ventures' entrepreneurs is a structured process, even though these companies usually are small enterprises: the entrepreneurs, indeed, involve in the process internal and/or external knowledgeable people, try to collect information by investing resources, efforts and time on different methods and deeply examine a variety of relevant variables, allowing them to derive the decision concerning the opportunity exploitation. This underlines that the internationalization process implemented by international new ventures is in contrast with what former international business theories such as the Uppsala stage model suggested, given that these firms begin their foreign activities by developing a structured process and not as a consequence of a sporadic contact with a foreign counterpart.

Once the entrepreneurs, along with their staff, evaluated the viability and the potential risks of an international opportunity and understood how to deal with it, they decide to exploit it by entering the foreign target market in the most suitable way, according to the judgements made during the evaluation process. The **exploitation** of foreign business opportunities by international new ventures is usually fast, coherently with the definition asserting that they are "firms that began receiving revenues from international business activities while not more than 6 years old" (McDougall et al., 2003). The entrepreneurs of the six firms exploited their first foreign market opportunities within the European market in less than five years from the establishment through different approaches, from more direct to less direct ones, which revealed to be the most suitable ones to allow a rapid evolution in the target country. It is relevant to remark that the six INVs' entrepreneurs managed to exploit their first international opportunity and consequently develop their businesses abroad mostly thanks to their perception of domestic and foreign markets as similar entities, thanks to the accurate and structured process of evaluation, and thanks to the aim of establishing a direct relationship with foreign customers since the first phases of internationalization.

The repetition of exploitation processes related to international opportunities allows entrepreneurs to experiment and test assumptions, to progressively improve their own capabilities and companies' practices, thus enhancing future internationalization processes. It should be noticed that not only the successful exploitation processes of foreign business opportunities are helpful in understanding which are the best practices to be implemented, since also failures are important for entrepreneurs in order to grow, develop and understand where to improve their approach. Therefore, the **entrepreneurial learning effect** permits the entrepreneurs to exploit former experiences in order to successfully face future challenges and difficulties and to rapidly expand abroad their businesses: this is extremely useful especially in the first phases of international development, since in the first years international new ventures are usually small enterprises not structured to develop their business activities abroad. In this

way, the entrepreneurial learning effect introduced by Žur (2015), connects former experience with future behaviour enriching entrepreneurs' background and enhancing their international awareness and accuracy in the management of international opportunities: therefore, INVs' internationalization pattern should not be conceived anymore as linear, since it does not conclude after the exploitation of the first foreign business opportunity. Furthermore, the case studies demonstrated that thanks to the learning effect entrepreneurs have the possibility to influence and improve processes related to really different functional areas such as research and development, human resources management, marketing and sales management. In addition to this, the entrepreneurial learning effect is relevant also in enlarging the opportunity space, as in Žur's (2015) framework, with international opportunities able to stimulate other opportunities through the exposure to new information, networks and entrepreneurial learning.

Concluding, Oyson and Whittaker (2015) acknowledged internet ubiquity, advanced technologies, cheap transportation, globalization, economic liberalization and potential access to complementary assets in global value chains as the most important variables determining the acceleration of internationalization processes of companies after 1990s. The conceptual framework derived from the analysis of the case studies sustains this perspective, recognizing a strong influence by **environmental conditions** not only on all the aforementioned phases of the internationalization process according to the opportunity-based approach, but also on opportunities' sources, on the opportunity space and on the entrepreneurial background. Therefore, INVs' entrepreneurs need to care about all the aforementioned current environmental conditions, because they are significantly leveling out potential customers' knowledge, they are allowing people and resources to move in a more rapid and cheap way through different countries and they are facilitating the process of contamination among different cultures and tastes.

Future research

This dissertation examined the internationalization process implemented by international new ventures according to an opportunity-based approach to international entrepreneurship and through the analysis of six small and medium manufacturing companies established between 2006 and 2009 in the provinces of Padua, Treviso and Vicenza, which managed to develop their international activities within 6 years from the establishment. The analysis focused on international opportunities and on how international new ventures' entrepreneurs deal with them in order to start their internationalization process, since only few theorists concentrated on the development of the research on IE according to this perspective. Furthermore, since this dissertation analyzed six case studies and derived eight propositions on INVs'

internationalization process, it could be useful to **validate these findings** through an investigation on a higher number of companies or through a research focusing on INVs competing in the same business industry.

Moving on, academics could discover more interesting findings related to the opportunity-based approach also through the analysis of case studies comparing international new ventures with **domestic ones**: some interesting hints in this sense were provided by McDougall, Oviatt and Shrader in 2003, who examined a sample of 214 IPO new ventures. The analysis of the case studies showed and described peculiar differences between INVs and DNVs, but no one of them was directly related to the management of opportunities by the entrepreneurs and the steps identified in the three opportunity-based approaches to international entrepreneurship illustrated in the second chapter. Furthermore, future researchers could concentrate on international opportunities and how do INVs' entrepreneurs deal with them by analyzing **companies established not only in Italy**, in order to understand whether the propositions suggested in this dissertation are related to the specific Italian market environment or not and if INVs established in other countries develop abroad differently from the Italian ones.

Concluding, the last important issue that theorists should examine is related to potential differences presented by international new ventures and **companies** that are currently approaching foreign markets for the first time but were **established long time ago**: a case study analysis in this sense could be helpful in understanding if the second type of companies is following the same fast internationalization pattern of INVs even though they have not been recently established. The comparison between this two typologies of companies could be useful in understanding if international new ventures manage to develop abroad rapidly only thanks to the environment in which they are currently competing or if other variables related to the entrepreneur, the company or the international opportunity significantly contribute to the specific internationalization pattern. In particular, concerning the environment, it would be interesting to comprehend if the conditions identified by Oyson and Whittaker (2015) will continue to be relevant on the internationalization processes implemented by INVs' entrepreneurs also in the next years or if new factors will influence their approach to foreign business opportunities.

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APPENDIX

Appendix A: International new ventures' data and information: case studies

	Flat Bag s.r.l.	Full Spot s.p.a.
Foundation date	14/12/2009	15/12/2009
Headquarter	Camposampiero (PD)	Padova (PD)
Business industry	Paper shoppers	Fashion
2014 Turnover	€ 408.295	€ 20.769.384
% foreign turnover	1,5%	15%
2014 Employees	4	20
Target market	Europe	World (40 countries)
Foreign branches	No	France, Spain and USA
INV Typology	Export/Import Start-Up	Global Start-Up
Entrepreneurs' development before INVs' establishment	-Former background and work experiences (planning and design skills + business industry knowledge) -Network of suppliers -Entrepreneurial prospection (Rend)	-Former work experience (knowledge of plastic components) -Network of suppliers
1 st Foreign market approached	France, 2014	Spain and France, 2011
Time elapsed from establishment to internationalization (years)	5 (0 from the beginning of operations)	2
Opportunities' sources	New EU legislation concerning plastic bags (political or institutional changes)	-Product had the potential to satisfy foreign customers' needs -Unexpected event (US market)
Opportunity formation	Opportunity Construction	Opportunity Construction
Opportunity analysis (people involved)	Entrepreneur + Sales managers	Entrepreneurs + Sales managers + "developers"
Opportunity analysis (methods of evaluation)	-Participation to international trade fairs -Visits to potential customers	-Visits to potential stores -Participation to international fashion events
Opportunity analysis (elements considered)	-Potential Customers -End Users -Distribution Channel (agents)	-End Users -Location (transport costs) -Distribution Channel
Opportunity exploitation	Export	Directly owned retail stores + Distribution agreement
Environmental variables affecting internationalization proc.	/	Globalization
Entrepreneurial Learning effect	Enhancement of communication strategy	-Change of distributors and agents to sell products -Development of an evaluation system for international opportunities

	Maikii s.r.l.	Piron s.r.l.
Foundation date	15/01/2008	07/06/2006
Headquarter	Carbonera (TV)	Cadoneghe (PD)
Business industry	USB Flash drives	Professional cooking ovens
2014 Turnover	€ 10.669.726	€ 4.540.000
% foreign turnover	52%	95%
2014 Employees	38	27
Target market	World (no Central Africa and India)	World (65 on 100 countries using ovens)
Foreign branches	Hong Kong and USA	No
INV Typology	Global Start-Up	Global Start-Up
Entrepreneurs' development before INVs' establishment	-Former work experience (evaluate China suppliers and develop prod + web knowledge) -Network of suppliers and customers (China) -Global mindset -Entrepreneurial prospection (The Beez)	-Former work experience (processing components) -Entrepreneurial prospection (Kosmo)
1 st Foreign market approached	France, 2010	Russia, 2008
Time elapsed from establishment to internationalization (years)	2 (Retail BU 0)	2 (0 from the beginning of operations)
Opportunities' sources	-Technological progress -Unexpected event (Retail partner) -Cost of labour (China)	-New legal and commercial agreements by governments -Changes in customers' perception and behavior
Opportunity formation	Opportunity Development	Opportunity Construction
Opportunity analysis (people involved)	Entrepreneurs + 3rd owner + BU manager + Sales managers	Entrepreneurs + Sales managers
Opportunity analysis (methods of evaluation)	-Participation to international B2B and B2C trade fairs and events (road shows) -Internal online database -Visits to potential shops and stores -External databases	-Visits to potential importers -Participation to business industry trade fairs -Participation to country missions by institutions -External databases and professionals
Opportunity analysis (elements considered)	-Distribution Channel -Competitors (pot. followers) -Location (branches) -Product (Licenses contracts)	-Distribution channel -End Users -Competitors (market leader)
Opportunity exploitation	Distribution agreement	OEM Agreement
Environmental variables affecting internationalization proc.	-Global Value Chain -Internet	-Economic liberalization -Globalization
Entrepreneurial Learning effect	-Development of new products	-Development of the 3-steps international strategy -Standardization of best practices (enhancement of communication strategy) -Change in hiring policies (to face linguistic issues)

	Plaber s.r.l.	Vigovo s.r.l.
Foundation date	04/04/2006	19/04/2007
Headquarter	Bassano del Grappa (VI)	Padova (PD)
Business industry	Advanced protective hard cases	Plastic egg packaging
2014 Turnover	€ 7.988.553	€ 10.926.492
% foreign turnover	90%	10%
2014 Employees	15	31
Target market	World (76 countries)	Europe
Foreign branches	No	No
INV Typology	Multinational Trader	Export/Import Start-Up
Entrepreneurs' development before INVs' establishment	-Former work experience (product knowledge and passion) -Network of contacts -Global Mindset	-Former work experience (business industry knowledge) -Network of suppliers and customers
1 st Foreign market approached	France, 2006	France, 2008
Time elapsed from establishment to internationalization (years)	0	1
Opportunities' sources	-Changes in customers' behavior -Presence of market inefficiencies (USA)	-Contacts with trusted foreign customers
Opportunity formation	Opportunity Construction	Opportunity Discovery
Opportunity analysis (people involved)	Entrepreneur + Sales managers	Entrepreneurs + Owner
Opportunity analysis (methods of evaluation)	-Visits to potential customers -External databases -Participation to trade fairs -Visits to competitors' distributors	-Visits to potential customers -Participation to business industry trade fairs -Visits to potential supermarkets -External databases
Opportunity analysis (elements considered)	-Competitors (market leader) -Potential Customers -End Users -Product	-Product + Services -Potential Customers -End Users -Competitors (market leader) -Location (transport costs)
Opportunity exploitation	Distribution agreement	Export
Environmental variables affecting internationalization proc.	-Economic liberalization -Globalization -Internet	-Internet -Cheaper transport costs
Entrepreneurial Learning effect	-Stop to sign distributorship agreements (inefficiency) -Service-based customer approach -Adaptation of hiring policies (to face language and cultural barriers)	-Approach to international customers corrected (by new sales manager) -Change in hiring policies (to face linguistic issues)