

**An Investigation of the Critical Incidents and Motivations
for Some New Zealand Firms to Become Born-Again
Globals: An International Entrepreneurship Approach**

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Attestation of Authorship

I hereby declare that this submission is my own work and that, to the best of my knowledge and belief, it contains no material previously published or written by another person (except where explicitly defined in the acknowledgements), nor material which to a substantial extent has been submitted for the award of any other degree or diploma of a university or other institution of higher learning.

Sign: Yang Yu Tao

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Abstract

International business theories have identified different modes of internationalisation and market entry strategies, from well-researched models of incremental market entry to more recent phenomena such as Born Globals (BGs). Although BGs have received recent attention in the literature, the related concept of the Born-Again Global (BAGs) firms requires more investigation and discussion. These firms, which operate purely domestically for a sustained period and then experience rapid internationalisation after critical incidents, are of especial importance to the New Zealand economy and competitiveness. This research aims to use an international entrepreneurship approach to investigate why these firms decide to become late internationalisers, and to explore what critical incidents motivate the change of strategy, and the modes that the internationalisation adopts.

The study examined five BAG firms within the Auckland region. An exploratory qualitative research method was adopted, and this research used semi-structured interviews with senior managers to investigate the in-depth reasons for the firms' late but rapid internationalisation. The findings substantiated the previous literature's ability to explain BAGs' behaviour, and some of the sample firms were following the 'transformational' strategy identified in New Zealand studies. However, the study also revealed some differences from previous literature as the New Zealand firms were proactive in expanding their international markets, and internationalised to a greater extent than expected. The sample also included BAG firms in the professional service industry and found some sectoral differences which need further investigation.

Key words: Born-Again Globals, New Zealand SMEs, internationalisation process, international entrepreneur model.

Chapter 1 Introduction

Problem statement

While seminal international theories have conceptualised internationalisation as an incremental process, this has been challenged by the appearance of firms that have experienced rapid internationalisation since birth, known as Born Globals (BGs). Scholars have investigated the phenomenon of BGs, and also recently suggested that the concept may need additional investigation. This research stream has not only focused on the mode of internationalisation, but shifted emphasis to the speed of internationalisation. Research on this theme more recently identified that some firms operate domestically for more than five years, and then these firms internationalise rapidly. These SME firms are defined as the BAGs or 'Reborn Globals'. However, there is limited research focused on BAGs, and much of the previous research has discussed the BAGs by comparing with them with BG firms, but BAG firms may need specific research to investigate the in-depth reasons for the late but rapid internationalisation process. The research questions of this thesis emerged from the gaps in the previous literature, as the critical incidents which lead to a change in internationalisation strategy need further investigation.

Research aim

This research focused on the critical incidents of New Zealand SME internationalisation. The aim of the research is to investigate the critical incidents and motivations for some New Zealand SME firms to become BAGs. According to Scott-Kennel (2013), New Zealand is a small island economy, and it is geographically far away from large markets. The nearest market for New Zealand is Australia. As a result, the economy of New Zealand relies on the business activities of SMEs (Scott-Kennel, 2013). New Zealand is one of the most open economies in the world (Hamilton & Dana, 2003; Chetty & Campbell-Hunt, 2013). The openness of its economy leads to there being no protection by subsidies, as well as trade barriers. Therefore, New Zealand firms compete at international standards within the domestic and foreign markets (Scott-Kennel, 2013). As internationalisation is important for economic development, and New Zealand has a

large percentage of small firms and existing firms with limited internationalisation, it is important to study the reasons why some firms internationalise late but rapidly. This study used the international entrepreneur model to examine the process of BAG internationalisation, and then extended the model to include emergent factors from the research. The in-depth reasons and outcomes of the rapid internationalisation process will be studied to find useful theoretical and practical insights for BAGs in the New Zealand context.

The main areas of concern in this research are: 1) the critical incidents and motivations for some New Zealand SME firms to become BAGs; 2) the international entrepreneur model; 3) the internationalisation process of New Zealand BAGs; and 4) emergent themes for the IE model. The outcomes of rapid internationalisation are also investigated to find the perceived relations between the internationalisation experience and competitive advantage.

This thesis aims to answer the following research questions:

1. Why did New Zealand BAGs enter international markets late?
2. What were the antecedents (environment, organisational, strategic factors) affecting BAGs' decisions to enter international markets?
3. What was the critical incident triggering rapid internationalisation?
4. How did New Zealand BAGs enter or select the international markets?
5. What was the internationalisation process (extent, scope, speed)?
6. What were the outcomes of the internationalisation?

Thesis structure

The thesis is organised around six chapters. Chapter one introduces the research.

Chapter two reviews the literature on internationalisation, with a focus on internationalisation strategy approaches; SMEs' internationalisation; BGs; international entrepreneurship approaches; and BAGs. Research gaps and research questions are identified and introduced in chapter two.

Chapter three explains the methodology and research design of this thesis. This thesis employs a qualitative research method based around interview-based cases. This chapter justifies why qualitative method and a case study approach is suitable for this thesis, and then explains how the data was collected and analysed.

Chapter four narrates the internationalisation history of the five case studies, and then examines further the findings links of the IE model.

Chapter five discusses the findings of the five cases with the IE model, and then the emergence themes are added into the updated IE model.

Chapter six is the conclusion with the discussion of the research questions and the contribution to the theory, practice, and policy. The contributions to theory, policy and practice are reviewed, along with research limitations and ideas for future research.

Chapter 2 Literature Review

2.1 Introduction

In order to investigate the BAG firms, this chapter will review the previous literature as follows: 1) internationalisation strategy; 2) SME internationalisation; 3) BG firms; 4) the international entrepreneur model; 5) BAG firms. The sequence is from the general internationalisation theory to the international entrepreneur model. Finally, the research gaps and research questions which emerge from the literature review will conclude this chapter with the research questions.

2.2 Internationalisation strategy approaches

International business theories have identified different modes of internationalisation and market entry strategies, from well-research models of incremental market entry to more recent phenomena such as born-global firms. Staged models of internationalisation, such as the Uppsala model (U model), consider internationalisation as a slow and incremental process, with firms passing through four distinct stages of greater involvement abroad: 1) no regular export activities; 2) exporting via independent representatives (agents); 3) establishing an overseas sales subsidiary; and 4) establishing overseas production or manufacturing units (Johanson and Wiedersheim-Paul, 1975). Globalisation has greatly increased the density of firm internationalisation, and interest in not only the modes which it takes but in differences in speed, scope and between firms of different scale, sectors and countries of origin.

Internationalisation and globalisation

Internationalisation is applied as the main commercial principle for the cross-border business activities within market economies. The speed of economic internationalisation expanded rapidly from the post-second-world-war period to the early 1970s, as a new form of globalisation arose (Ruzzier, Hisrich & Antoncic, 2006). The difference between internationalisation and globalisation is scale, density and complexity of linkages: whereas international firms operate in a few select countries, for example, global firms operate on the global scale with complex interconnected value-chains.

It is widely accepted that business internationalisation is the geographical expansion of commercial or economic activities from the domestic country to the host countries. Business globalisation means the enhancement of the international business scope, capital, and management connections. (Ruzzier, Hisrich & Antoncic, 2006). Three major forces are directing the trends of globalisation. Firstly, the adoption of low-cost technology creates a positive business environment. Secondly, the international business environment, including such things as free-trade agreements, has facilitated the growth of globalisation. The third force, which directs the trends of globalisation, are the emerging market such as Russia, Brazil and China (Acs et al., 2001; Gjellerup, 2000).

According to Ruzzier, Hisrich and Antoncic (2006), the internationalisation process is a multidimensional business phenomenon. There are two major business directions of internationalisation: 'inward' and 'outward'. 'Inward' refers to the international activities of buying products from foreign markets. The international activities in which the firms export their products to the foreign markets are defined as 'outward'. Moreover, Ruzzier, Hisrich and Antoncic (2006) claimed that there are four major advantages of the firms' 'outward' internationalisation: 1) It is commonly agreed that the process and development of 'outward' internationalisation are more complex than the 'inward' internationalisation. Importantly, the competition in the international market is likely to be the potential opportunities for the firms with 'outward' internationalisation activities. As a result, these 'outward' international firms may experience growth and profit, not just survival; 2) At the country level, 'outward' internationalisation gives rise to product improvements, and social prosperity; 3) At the firm level, 'outward' internationalisation may lead to the innovation of products, process, and services; and, 4) Compared with 'inward' internationalisation, 'outward' internationalisation is able to enhance the competitive advantages of a firm, a particular industry, and even a country.

Theories and models of SMEs internationalisation

A preoccupation of globalisation has been a focus on the activity of multi-national enterprises (MNEs). However, there are many successful SMEs around the world, and these SMEs also operate their businesses internationally.

It is widely accepted that SMEs are an important part of the economy in a country, and many SMEs are family owned (D'Angelo, Majocchi, & Buck, 2016; Kontinen & Ojala, 2012). Capital is essential for SME outward internationalisation and the lack of it is a barrier which they may find difficult to overcome.

International business theory has found it difficult to accommodate SMEs. The Uppsala model (Johanson & Vahlne, 1977; Johanson & Wiedersheim-Paul, 1975) was proposed in the 1970s and has become a traditional theory of business internationalisation. The Uppsala model indicated that firms are likely to export their products to geographically proximate countries. Johanson and Vahlne (2009) updated this Uppsala model, with a renewed focus on the networks and relationships as critical for SME internationalisation. However, the emergence of international entrepreneurship (Autio, 2005; Bell, 1995; Kraus, 2011; Oviatt & McDougall, 1994) challenged the Uppsala model and the updated Uppsala model. The emergent field of international entrepreneurship considers that the Uppsala model is not able to explain the rapid internationalisation process of tech-led SMEs, in particular in relation to the speed of internationalisation.

Past SME research has often focused on high-tech SMEs' internationalisation within niche markets. Different theories and approaches of the SME internationalisation process have been developed, and the literature has summarised the characteristics and patterns of born global, international new ventures, and international entrepreneurship (D'Angelo, Majocchi, & Buck, 2016; Kontinen & Ojala, 2012).

2.3 Internationalisation of SMEs

SMEs have often therefore been considered as special cases of internationalisation. Although internationalisation may create opportunities for the firms, the special characteristics of SMEs may become obstacles for the internationalisation process. These special characteristics include firm size, limited financial and physical resources, and small market share (Aldrich & Auster, 1986; Fink, Harms & Kraus, 2008; Schulz,

Borghoff & Kraus). SMEs' internationalisation could be catalogued as a special type of business activities because SMEs' internationalisation has four different profiles. 1) Importing is the only business activity of the internationalisation; 2) Exporting is the only business activity of the internationalisation; 3) Importing and exporting are the business activity of the internationalisation; and 4) Non-internationalised SMEs (Janjuha-Jivraj, Martin, & Danko, 2012).

The incremental process of internationalisation includes exports and imports. The traditional process indicated that SMEs use internationalisation strategies such as alliances, mergers, and acquisitions to gain resources (Janjuha-Jivraj, Martin, & Danko, 2012). However, the emergence of BG SMEs countered the linear and incremental process of internationalisation.

SME internationalisation pathway/strategy

Successful MNEs choose suitable strategies to internationalise their business (in a few countries), and then these large firms globalise their products and services worldwide (in the global markets). In other words, MNEs could develop as international, multinational, global, and finally transnational firms (Bartlett & Ghoshal, 1989). The marketing strategies are also suitable for SMEs' internationalisation and, according to Bell et al. (2014), research on SMEs' internationalisation strategies are still incomplete.

Ownership structure is critical for SME outward internationalisation, especially BAG SMEs. Concentrated ownership will lead to born global and BAG strategy. Bell et al. (2003) created a single integrative model to conclude the three classic SME internationalisation strategies: 1) Traditional SME internationalisation strategy; 2) BAGs pathway, and 3) Born global pathway. The network is important for the SMEs' internationalisation because effective networks are able to identify the opportunities and risks in the foreign markets. Moreover, social capital research claimed that financial and managerial resources are important factors for SME internationalisation (Agndal, Chetty, & Wilson, 2008). Corporate governance theories have explained that ownership has positive and negative effects on SMEs' internationalisation (George et al., 2005).

Therefore, strategies which are based on social capital and corporate governance are able to facilitate SMEs' internationalisation.

Schweizer (2012) identified how business owners make rational decisions during the internationalisation process for SMEs, and claimed that the internationalisation of SMEs reflected leveraged contingencies and a high degree of uncertainty. Schweizer (2012) used a case study to examine Lindblom's muddling-through approach, and the findings showed that the tech-led SME used local distributors to enter foreign markets. In addition, the firm was founded in 1997, and then the firm expanded to the global market in 2007 (within a ten year period). Other research has highlighted that SMEs in different markets employ different strategies, and the age of the firm can be significant. For example, Cerrato, Crosato, and Depperu (2016) used a configurational approach to identify the international strategies of Italian SMEs. They conceptualised four strategies as 'marketer', 'investor', 'networker', and 'weak internationaliser'. The findings claimed that the age of the SMEs has a positive effect on foreign expansion. The 'age' is used to examine the years of a firm's experience and knowledge in the foreign market. In other words, the firms spend a long period of time to expand globally (more than ten years). The speed of internationalisation becomes a focus in this approach, as well as examining contextual factors that act as barriers.

International market selection

It is important for a company or firm to select the markets or countries to internationalise their business - international market selection is the imperative success factor of the firm's internationalisation (Leonidou, Katsikeas, & Samiee, 2002; Papadopoulos & Mart í, 2011; Steenkamp & Ter Hofstede, 2002). The internal and external environments lead the firm's internationalisation. The internal environments include growth, revenue, profit, and technology. The external environments include human resources, market size, and political stability (Jekanyika Matanda, 2012; Zitta & Powers, 2003).

The nonsystematic international market selection process is applied by SMEs broadly (Malhotra & Papadopoulos, 2007). These SME firms enter foreign markets to adopt the external environment such as a partner receiving a contract from a foreign country (Brewer, 2001; Westhead, Wright, & Ucbasaran, 2002). In other words, these firms are passively entering foreign markets. Also, the findings indicated that nonsystematic international market selection process may lead to poor performances for the firms such as the duration of the export, market share, and access to the new technology (Piercy, 1981; Yip, Biscarri, & Monti, 2000).

The systematic IMS process has positive effects on the export activities (Brouthers & Nakos, 2005). The IMS literature indicated that the evaluation of market potential is critical for the internationalisation (Malhotra & Papadopoulos, 2007; Robertson & Wood, 2001). One of the systematic IMS approaches concludes the evaluation of market potential happens in three stages: 1) screening; 2) identification; 3) selection (Cavusgil, 1985; Koch, 2001; Kumar et al., 1994). The Overall Market Opportunity Index (OMOI) approach is used to measure and express the multidimensional character of market potential (Cavusgil, 1997; Mullen & Sheng, 2006).

Later, the literature concluded the systematic IMS process could be broken down into four models: 1) conceptual models (Cavusgil, 1985; Douglas & Craig, 1982); 2) empirical models; 3) grouping models (Cavusgil et al., 2004; Liander, Terpstra, Yoshino, & Sherbini, 1967; Sethi, 1971), 4) estimation models (Armstrong, 1970; Connors, 1960; Dickensheets, 1963; Liander et al., 1967; Lindberg, 1982; Samli, 1977). Previous research had not identified how BAGs enter or select the international market conclusively, and therefore this research gap will be addressed in the study.

SMEs in the international markets

There are many uncertainties in international markets. Therefore, the SME entrepreneurs should extend their entrepreneurial network as well as abilities (Schulz, Borghoff & Kraus, 2009). The entrepreneurs make the decisions to enter the overseas markets, and then the SMEs start the internationalisation process (Schulz, Borghoff & Kraus, 2009).

The deficiencies of SMEs internationalisation include a lack of internationalisation experience, language skills, awareness of cultural differences, and strategic thinking (Schulz, Borghoff & Kraus, 2009). As a result, the internationalisation process may become a pressure or even an impossible task for the SME entrepreneurs (Schulz, Borghoff & Kraus, 2009). Schulz, Borghoff, and Kraus (2009) indicated that the SMEs' internationalisation depends on the capabilities of the entrepreneurs. Scholars from the field of entrepreneurship began to take interest in the internationalisation processes of SMEs.

International entrepreneurship is 'a combination of innovative, proactive and risk-seeking behavior that crosses national borders and is intended to create value in organizations' (Schulz, Borghoff & Kraus, 2009, p. 1). Importantly, the themes of international entrepreneurship are antecedents, management and the success factors of internationalisation (Schulz, Borghoff & Kraus, 2009). From the perspectives of economic internationalisation, internationalisation activities include international trade and the expansion of MNEs. Moreover, the process model of internationalisation tries to explain the internationalisation process of the cross-border firms (Schulz, Borghoff & Kraus, 2009).

2.4 Born Globals

The Born global (Madsen & Servais, 1997), sometimes also known as international new ventures (Ruzzier, Hisrich, & Antoncic, 2006), or global start-ups (Oviatt & McDougall, 1995), refers to the firms that internationalise from their birth. According to Kontinen and Ojala (2012), born global firms internationalise speedily, and these firms are looking for niche markets. In other words, born global firms design the products for a particular international market rather than domestic consumption (Bell et al., 2004).

The early internationalisation of SME firms can be explained by the social network theory (Musteen, Datta, & Butts, 2013). Musteen, Datta, and Butts (2013) claimed that the effective networks are able to minimise the effect of psychosocial distance as well as the lack of experience of internationalisation. 'Born global' firms gain foreign market knowledge, experience, and valuable information from the international networks

(Musteen, Datta, & Butts, 2013). According to Musteen, Datta, and Butts (2013), the international network is critical for the international entrepreneur theory. Also, Musteen, Datta, and Butts (2013, p.751) identified the definition of SMEs' networks internationalisation: "We define as both professional and personal contacts, represent a particularly important and valuable resource." The social network theory indicated that the international network is able to help SMEs' growth in the early internationalisation stage. Also, this network may provide useful knowledge and may minimise risk and uncertainty in the foreign market (Musteen, Datta, & Butts, 2013).

The products and services of BG firms are value-added, such as the new technologies, and most of the BG firms have knowledge-based competitive advantages (Bell, McNaughton & Young, 2001). Also, the BG firms are established by active entrepreneurs (Bell, McNaughton & Young, 2001), and these BG firms may gain 'first mover advantage' from rapid internationalisation (Bell, McNaughton & Young, 2001). The following trends facilitate the growth of BG firms (Knight & Cavusgil, 1996):

- 1) The increasing demand for specialised or customised products (niche markets);
- 2) The evolution of communication technologies such as social media;
- 3) The innate characteristics of SMEs such as flexibility and adaptability;
- 4) The internationalisation of knowledge and technology enable BG firms to access more opportunities;
- 5) The positive relationships between BG firms and their partners are promoted by the international networks;
- 6) The process technology assists BG firms to gain more financial growth from small-scale production.

The internationalisation phenomenon of BG firms challenged the staged internationalisation theory. The internationalisation stage theory claimed that internationalisation is a progressive process with several stages, but BG firms are fast internationalising through the 'leapfrogging' strategy (Moen & Servais, 2002).

The successful BG firms may possess similar characteristics such as the clear global vision ever since inception, the internationalisation experience of the managers, and effective international business networks (Oviatt & McDougall, 1995). The experienced management teams are able to identify the potential risks and threats as well as opportunities in the international market. Therefore, these teams lead the BG firm internationalisation successfully (Reuber & Fischer, 1997). The entrepreneurs of the BG firms use their personal networks to design the international process in the start-up stage (Schulz, Borghoff, & Kraus, 2009).

Re-thinking of born global

Although the definition of born global has mostly been accepted, some researchers have recently questioned the previous born global research. As mentioned, the rapid internationalisation process in the firm's early life cycle was defined as 'international new venture' or BG in the late 1980s (Rennie, 1993; Oviatt & McDougall, 1994). However, this behaviour or pattern of rapid internationalisation in the early life cycle has recently been questioned. As a result, the international entrepreneurship model needs to be expanded to further examine born-global and related firms such as BAGs (Schueffel, Baldegger, & Amann, 2014). Moreover, Hennart (2014) claimed that the characteristic of born global firms is early internationalisation and these born global firms are more aggressive than others. However, Dow (2017) investigated the difference between born global firms and non-born global firms, and then argued that Hennart's explanations of born global firms are able to be understood "as complementary, rather than competing" (Dow, 2017, p.1). The findings of Dow's research indicated that born global firms have significant differences from the non-born global firms, for example, that most of the born global firms are high technology firms. Furthermore, Coviello (2015) used a critical review to discuss the born global research of Knight and Cavusgil. The author claimed that there were three major contributions of Knight and Cavusgil's research: 1) integrating multiple works of literature to facilitate cross-disciplinary conversation; 2) research design; 3) provocative findings (Coviello, 2015). Importantly, the author questioned whether Knight and Cavusgil did truly study born global firms

(Coviello, 2015) and has suggested there are crucial differences between BGs and international new ventures, and that these should not be considered synonyms. Knight and Cavusgil (2004) claimed that born global firms exported their products to multiple countries in the early stage, but Coviello (2015) identified that there is no clear evidence to support the claim that these born global firms export to multiple countries in the early stage. As mentioned, the international entrepreneur model is able to investigate the phenomenon of born global and BAG firms. Clearly the field still needs additional research to clarify key issues. As the research on BAGs draws heavily on this research, there is clearly conceptual clarification that needs to be addressed.

2.5 Speed of Internationalisation

Rapid internationalisation

There was limited research focused on the speed of firm internationalisation (Mohr & Batsakis, 2016). In particular, there was not enough research on the relationship between internationalisation speed and the firms' performance (Mohr & Batsakis, 2016), although most of the literature claims that rapid internationalisation speed has a positive effect on the firms' performance (Mohr & Batsakis, 2016).

The rapid speed of internationalisation may lead to first-mover advantages. It means that late-comers find it more difficult to access the useful resources (Lieberman & Montgomery, 1988). Importantly, a slow rate of internationalisation may have a negative effect on the firms' performance because the firms may lose the first-mover advantages (Lee, Smith, Grimm, & Schomburg, 2000).

According to Mohr and Batsakis (2016), it is not easy to achieve the first-mover advantages for all of the internationalisation firms. However, rapid internationalisation process may improve the performance of the internationalisation firms. For instance, these firms may arrange the strategic resources more effectively (Mohr & Batsakis, 2016).

First-mover and late-mover strategy

First-mover

According to (Wanxing, 2017, p.55), the definition of first-mover advantage is “an organization which is the first to employ a particular strategy within a context of specified scope.” The first-mover strategy is able to apply in MNEs’ and SMEs’ internationalisation. The internationalisation firms which choose first-mover strategy, are labelled as ‘first movers’, and first movers may have sufficient positive effects on their business internationalisation (Wanxing, 2017). First movers are able to capture customer loyalty easily (Wanxing, 2017). Moreover, from the perspective of organisational learning, first movers may have more extensive learning, and then first movers create more opportunities for themselves (Wanxing, 2017). Furthermore, the advantages of first movers include: 1) establishing the image of the brand; 2) building the unique distribution channel for the products; 3) creating the formal standard of the new technology, and 4) dominating the scarce recourses of production and then achieving the triumph in the competition (Porter, 1985; Patterson, 1993).

Stackelberg (1934, as cited by Kopel & Löffler, 2007) presented a model to evaluate the first-mover advantages. This model shows that a leading firm (first-mover) in a particular market is able to achieve higher profit than the followers (late-mover). However, the first-movers will lose their advantages if they make inappropriate decisions (Kopel & Löffler, 2007).

The authors claimed that the external markets and internal organisation have strategy effects on the first-mover (Kopel & Löffler, 2007). The firm that chooses to invest in R&D or production capability is able to achieve first-mover advantages. The firms that are not investing in R&D or production capability are not able to achieve first-mover advantages (Kopel & Löffler, 2007).

Goel (1990, as cited by Kopel & Löffler, 2007) used the Stackelberg model to investigate the spillovers of the first-mover. The results showed that the number of late-movers depends on the investment of the first-movers. However, the first-mover advantage will become a disadvantage when realised demand is not near to expected demand (Kopel & Löffler, 2007).

“It is important to distinguish first-movers from the inventors of a product or process and from the pioneers who first commercialize the innovation. In the mainframe computers, for example, several pioneers invested in marketing the new machines on a national scale. But it was IBM’s massive investments in the production, distribution and management of the System 360 that made it the industry’s first-mover (Varadarajan, Yadav, & Shankar, 2007, p. 295).” This paper used first-mover to refer the early movers in a particular industry.

Lieberman and Montgomery (1988 as cited by Varadarajan, Yadav, & Shankar, 2007, p. 295) claimed that first-mover advantage is “the ability of pioneering firms to earn positive economic profits (i.e., profits in excess of the cost of capital).” The literature found that first-movers or early entrants achieved a higher market share than the late entrants or second-movers (Varadarajan, Yadav, & Shankar, 2007). While some findings showed that first-movers have a high failure rate (Varadarajan, Yadav, & Shankar, 2007), other findings showed that first-movers have a low failure rate (Varadarajan, Yadav, & Shankar, 2007).

Second-mover/ late-mover

If a first-mover does not take the chance to gain advantage from its strength, this first-mover will leave opportunities for the new entrants. These new entrants have ‘second-mover advantage’. Table 1 summarises the definition of late-mover. Also, these new entrants are called ‘late arrivals’ or the fast follower. For example, Amazon.com and Apple Inc. are fast followers, and these two companies gained the second-mover advantage in their industry.

Table 1: late-mover advantage

Author/authors	Definition of late arrivals/ second-mover advantage/fast follower
Querbes and Frenken (2016)	Lower R&D cost, accessing wider users than first movers.
Hidding and Williams (2003)	2nd, 3rd, 4th enter an industry or market. 50% fast followers become the market pioneer.

Wilson et al. (2003)	Success factors of fast follower: product innovation, market timing, free-rider effects, and leveraging of complementary resources.
Shankar et al. (1998)	<ol style="list-style-type: none"> 1. Fast follower's innovativeness overtakes the pioneers. 2. The timing of market entry of a company's growth stage is an advantage for the fast follower. 3. Lower R&D cost, lower workforce training cost, lower consumer education cost. These three factors lead to fast follower advantage.

Although the first movers set up the formal standard of the new technology, the costs of setting up the formal standard such as R&D and experimentation for these first movers are a huge expenditure. As a result, the late-movers may save the R&D cost from the standard because first movers invested in building the standard (Dowell & Swaminathan, 2006; Lieberman, 2013; Suarez et al., 2015 as cited by Querbes & Frenken, 2016). From the managerial perspective, first-movers focus on their customised consumers, and then they leave the opportunities in the mass market to the late-movers (Querbes & Frenken, 2016). In other words, these late-movers are likely to target the wider group of the potential consumers (Christensen, 1997, 2003 as cited by Querbes & Frenken, 2016).

The fast followers are able to be defined as the second, third, and fourth businesses entering a specific industry or markets; subsequently more than 50% of these fast followers become the market leaders (Hidding & Williams, 2003 as cited by Ankney & Hidding, 2005). Moreover, there are three significant advantages of the fast followers: 1) innovating, 2) timing and 3) free-rider (Shankar et al., 1998; Wilson et al., 2003). First of all, the innovation abilities of the fast followers may replace the market pioneers (first-movers). Also, the best timing of market entry for the fast followers is their growth stage. Importantly, the fast followers may benefit from the free-rider advantages, which means that fast followers may minimise their investment in R&D, workforce training and consumer education (Ankney & Hidding, 2005). The last section of chapter 2 will summarise the literature regarding BAGs, and then the research questions will emerge from the summary.

Born Globals

Born global firms have a number of characteristics related to the speed of internationalisation: 1) The BG firms are innovative and proactive (Bell, McNaughton, Young, & Crick, 2003). Also, the management teams of these BGs firms adopt global trends. So, these firms are able to internationalise rapidly (Bell, McNaughton, Young, & Crick, 2003). In addition, the empirical evidence of BGs firms supported the network theory. In other words, the fast and early internationalisation strategies are widely used by the BG firms in niche markets such as small and open economies and the emerging economies (Coviello & McAuley, 1999).

2) Special ‘episodes’ may affect the firms’ fast internationalisation positively or negatively (Bell, McNaughton, Young, & Crick, 2003). Importantly, the domestic and foreign clients of the firms, as well as the partners from the network, may lead to these ‘episodes’ (Bell et al., 1998 as cited by Bell, McNaughton, Young, & Crick, 2003). Therefore, this phenomenon of fast internationalisation is different from traditional and BG strategies (Bell, McNaughton, Young, & Crick, 2003).

3) The contingency theory is suitable to explain the internationalisation process and exporting activities (Bell, McNaughton, Young, & Crick, 2003). The contingency theory claimed that the literature ignores the market selection (or international market selection) and entry strategies as interdependent decisions (Bell, McNaughton, Young, & Crick, 2003). Contingency theory indicated that the decisions of internationalisation, incorporating products, IMS (international market selection), and entry strategy are made in a comprehensive way (Bell, McNaughton, Young, & Crick, 2003). In addition, the resource-based perspective is similar to contingency theory. This perspective argued that small internationalising firms possess insufficient resources to deal with the difficulties in the international market. As a result, these firms have different responses (Bell, McNaughton, Young, & Crick, 2003).

Emerging from this research was a related concept, that of firms which operated domestically but then internationalised rapidly – known as BAGs. These firms appear to be quite different from BGs.

2.6 Born-Again Globals

This class of firm does not internationalise until a trigger occurs, and then does so rapidly. Research has examined how these firms differ from BGs. BAGs firms are categorised as a special case of domestic exporter firms, and may often but not exclusively be SMEs (Sheppard & McNaughton, 2012). Sheppard and McNaughton (2012) claimed that the size and age of BAGs firms are larger than BGs firms. Also, the findings showed that BAGs have lower expenditure (about 5% of revenue) on R&D (Sheppard & McNaughton, 2012). Moreover, the disadvantages of BAGs and BGs in the international markets are less consumer awareness and liability of newness (Sheppard & McNaughton, 2012). In addition, Sheppard and McNaughton (2012) concluded that BAG firms operate with a large number of employees. The author estimated that the age of BAG firms affects two factors (size and investment on R&D). Furthermore, the ‘critical event’ of the BAG global firms may provide them more opportunities such as additional financial as well as human resources (Bell, McNaughton, Young, & Crick, 2003).

Figure 1 summarises the characteristics of traditional internationalisation and that of BGs, and BAGs. The findings of BAG firms claimed that these firms are long-established ‘traditional’ firms in the domestic market, and then internationalisation occurs rapidly (Bell, McNaughton, Young, & Crick, 2003). Moreover, ‘critical incidents’, ‘episodes’, and ‘epochs’ may lead to fast internationalisation (Bell, McNaughton, Young, & Crick, 2003).

Figure 1: Internationalisation patterns.

Source: Bell et al, 2003

	'Traditional'	'Born global' firms	'Born-again' global firms
Motivation	Reactive Adverse home market Unsolicited/enquiries orders 'Reluctant' management Cost of new production Processes force export initiation	Proactive Global 'niche' markets 'Committed' management International from inception Active search	Reactive Response to a 'critical' incident (MBO, take-over, acquisition, etc.)
Objectives	Firm survival/growth Increasing sales volume Gaining market share Extending product life-cycle	Competitive advantage 'First-mover' advantage 'Locking-in' customers Rapid penetration of global 'niches' or segments Protecting and exploiting proprietary knowledge	Exploit new networks and resources gained from critical incident
Expansion patterns	Incremental Domestic expansion first Focus on 'psychic' markets 'Low-tech'/less sophisticated markets targeted Limited evidence of networks	Concurrent Near-simultaneous domestic and export expansion (exporting may precede domestic market activity) Focus on 'lead' markets Some evidence of client 'followership' Strong evidence of networks	'Epoch' of domestic market orientation, followed by rapid internationalisation. Focus on 'parent' company's networks and overseas markets Strong evidence of client 'followership'
Pace	Gradual Slow internationalisation (small number of markets) Single market at a time Adaptation of existing offering	Rapid Speedy internationalisation (large number of markets) Many markets at once Global product development	Late/rapid No international focus then rapid internationalisation Several markets at once Adaptation/NPD
Method of distribution/entry modes	Conventional Use of agents/distributors or wholesalers Direct to customers	Flexible and networks Use of agents or distributors Also evidence of integration with client's channels, use of licensing, joint ventures, overseas production, etc.	Networks Existing channel/s of new 'parent', partner/s or client/s
International strategies	Ad-hoc and opportunistic Evidence of continued reactive behaviour to new opportunities Atomistic expansion, unrelated new customers/markets	Structured Evidence of planned approach to international expansion Expansion of global networks	Reactive in response to 'critical' incident but more structured thereafter Expansion of newly acquired networks
Financing	'Boot-strap' into new markets	Self-financed via rapid growth Venture capital, Initial public offerings (IPO)	Capital injection by 'parent' Refinancing after MBO

The literature found empirical evidence to explain the phenomenon of BAG firms. According to Bell, McNaughton, Young, and Crick (2003), ‘critical incidents’, ‘episodes’, and ‘epochs’ may include the business activities such as management buyout (MBO), takeover, receivership and acquisition. Also, the new management team of the BAG firms may apply the decisions with an international orientation. As a result, these firms may gain more capital and access to the networks in the new markets. Importantly, the information communication technologies (ICT) such as social networks have positive effects on the BAGs sudden and rapid internationalisation (Bell, McNaughton, Young, & Crick, 2003).

Internationalisation Patterns of BAGs

The internationalisation process of stage model includes four major stages: 1) no export behaviour; 2) exporting via agents; 3) setting up the foreign companies controlled by a holding company; 4) setting up production and distribution channels in the foreign market (Johanson & Wiedersheim-Paul, 1975). From the perspectives of strategy, BGs, ‘international new ventures’, ‘global startups’, and ‘early internationalizing’ described the phenomenon of early and rapid internationalisation (Madsen & Servais, 1997; Rennie, 1993; Oviatt & McDougall, 1994, 1995; Rialp et al., 2005). Importantly, the ‘leapfrogging’ strategy challenged the traditional pattern of internationalisation (Schueffel, Baldegger, & Amann, 2014). In other words, the traditional perspectives believed that the internationalisation process spends a long time on overseas expansion. Compared with the traditional perspectives, the leapfrogging strategy claimed that internationalisation is an inception. This means that internationalisation is the starting point of the innovative firms (Schueffel, Baldegger, & Amann, 2014).

Two principles are important to define BAGs: 1) the competitive advantages of the firms are not significant in the overseas markets, and the foreign sales rate is less than 25% in the first three years; 2) these firms changed their strategy, and then these firms enhanced their competitive advantages. As a result, the foreign sales rate is more than 25% in the first three years of changing strategy (Schueffel, Baldegger, & Amann, 2014).

In their research, Schueffel, Baldegger, and Amann (2014) indicated that push and pull factors affect the mature SMEs' transformation into BAG global firms. The push factors indicated that the external environment such as the small domestic market push the SMEs into the overseas market. The pull factors showed that the entrepreneurs of the SMEs are dedicated to searching for opportunities in the new market (Schueffel, Baldegger, & Amann, 2014). Therefore, they believed that innovativeness, preparation, adaptability and openness to learning are essential for the BAGs firms (Schueffel, Baldegger, & Amann, 2014).

Bell et al in 2003 (as cited in Kontinen & Ojala, 2012) used a model to identify three internationalisation strategies of firms. 1) Traditional, where firms internationalise to countries with similar cultures, as in staged internationalisation; 2) BGs, where firms internationalise rapidly into niche markets; and 3) a novel form, the BAGs. These firms operate domestically but later internationalise rapidly because of 'critical events' such as acquisition, takeover, and buyout. Kontinen and Ojala (2012) indicated some differences between BAGs and typical SMEs, for instance, the traditional family business tends to produce high-quality manufactured goods, born global firms tend to produce high-technology products, and BAGs firms tend to produce innovative manufactured products.

Bell, McNaughton, and Young (2001) used nine cases as the example to identify BAGs, and claimed that 'critical events' or 'episodes' can lead to rapid internationalisation or deinternationalisation. The SMEs used internationalisation strategies because of opportunities in overseas markets, and / or adverse economy conditions in the domestic market. Deinternationalisation refers to SMEs targeting the domestic market because of trading barriers abroad. In the case of rapid internationalisation SMEs are able to use BAG strategies to gain assets when they have been acquired, including priority knowledge, and administrative capabilities. Furthermore the study claimed that SMEs' internationalisation is not linear, incremental, unidirectional path. An SME may focus on the domestic market for a long time and then move to the international market

rapidly because of the change of ownership structure. In addition, the decisions of the top managers may lead to internationalisation rapidly. This research suggested that future research should focus on the consequence of BAGs.

The research on BAG firms is emergent, with differing definitions and a lack of consensus over antecedents and modes of entry. Some studies have emphasised that SME BAGs are in particular under-researched. Scott-Kennel (2013) found that BAGs internationalised at a later stage of their life-cycle. Most of the internationalisation of firms in New Zealand concerns SMEs. According to Scott-Kennel (2013), BAG strategy refers to the SMEs' internationalisation by a critical event, but most of the New Zealand SMEs identified in this study are different from the extant definition of BAGs. For example, New Zealand SMEs were found to be more proactive to internationalisation and access international market prior to the change (critical events). In other words, New Zealand firms entered foreign markets before acquisition, takeover and buyout. Therefore, the internationalisation strategies of New Zealand SMEs are similar to BAG strategy, but different. This finding is in contrast to the BAG definition of the research of Bell et al. (2001a, 2001b, 2003). Scott-Kennel (2013) defined this strategy as a 'transformation model'. The following paragraphs will discuss the dynamic capability view, entrepreneurial mindset, and family business because BAG firms are able to be explained by these points of view.

The dynamic capability view

Jantunen, Nummela, Puumalainen, and Saarenketo (2008) used the dynamic capability view to compare and contrast the difference between BGs, BAGs and traditional firms. Dynamic capabilities, which include the knowledge of processes, structures, enable firms to compete effectively by identifying and taking opportunities in dynamic environments (Jantunen, Nummela, Puumalainen, & Saarenketo, 2008). Hence, the dynamic capability view claimed that knowledge-processing and organisational-learning capabilities are able to improve the firms' performance and competitive advantages (Jantunen, Nummela, Puumalainen, & Saarenketo, 2008).

The dynamic capabilities reflect the entrepreneurial orientation of the management team because these dynamic capabilities are able to identify and capture the opportunities in the international markets (Jantunen, Nummela, Puumalainen, & Saarenketo, 2008). Moreover, the authors indicated that internationalisation could be categorised as entrepreneur orientation activities (Jantunen, Nummela, Puumalainen, & Saarenketo, 2008). Furthermore, they examined the abilities of the firms, and then they found the links between internationalisation and the dynamic capabilities (Jantunen, Nummela, Puumalainen, & Saarenketo, 2008). Hence, the strategy orientations, which belong to the firms' dynamic capabilities, are important in the internationalisation process (Jantunen, Nummela, Puumalainen, & Saarenketo, 2008).

The 'critical incident' of the BAG firms may have positive effects on the entrepreneurial orientation. This entrepreneurial orientation and the BAG strategy may lead to the success of the BAG firms in the international markets (Jantunen, Nummela, Puumalainen, & Saarenketo, 2008). In addition, the authors used two criteria to select the BAG firms: 1) the firms internationalise after three years of their operation; 2) at least 25% of the firms' revenue is obtained from the international market (Jantunen, Nummela, Puumalainen, & Saarenketo, 2008).

Entrepreneurial mindset and family business

The international entrepreneurship studies the intersection of international business and entrepreneurship (Oviatt & McDougall, 2005; Kraus, 2011). The entrepreneurial mindset in the international circumstances is an essential domain of the international entrepreneurship (Janjuha-Jivraj, Martin, & Danko, 2012). The entrepreneurs, who evolve their skills and competencies, are able to improve the performance of their firms in the global circumstances (Janjuha-Jivraj, Martin, & Danko, 2012). The purpose of entrepreneurial firms is 'growth'. This 'growth' involves identifying and exploiting market opportunities, transformation of the firms, expansion, and innovations (Janjuha-Jivraj, Martin, & Danko, 2012).

The entrepreneurs, who decide the internationalisation strategies, are the decision makers and strategists. In other words, these entrepreneurs are the critical individuals in the SMEs and family firms (Janjuha-Jivraj, Martin, & Danko, 2012). Moreover, the entrepreneurial mindset is important for successful entrepreneurs. The entrepreneurial mindset includes opportunities identification, growth orientation, long-term perspectives, flexibility, creativity, and innovation. As a result, the entrepreneurs with the entrepreneurial mindset are likely to create competitive advantages for the firms (Janjuha-Jivraj, Martin, & Danko, 2012). Furthermore, the entrepreneurial orientation could be a culture of the organisations and firms (Janjuha-Jivraj, Martin, & Danko, 2012). These entrepreneurial-orientation firms may involve the characteristics of risk-taking, creativity, tolerance of failure, sustainable learning, and innovative ideas (Janjuha-Jivraj, Martin, & Danko, 2012).

The research of entrepreneurship also investigates the phenomenon of family firm entrepreneurs (Kraus, Fink & Harms, 2011). These family firm entrepreneurs are sensitive to the opportunities from the establishment of the firm (Janjuha-Jivraj, Martin, & Danko, 2012). Although family firm entrepreneurs are unique, they have similar characteristics to family firms such as perpetuating cultures and kinship across the generations (Janjuha-Jivraj, Martin, & Danko, 2012). Moreover, Janjuha-Jivraj, Martin, and Danko (2012) used a case study to investigate a family BAG SME. This family firm showed entrepreneurship in their first setting-up stage (Eggers & Kraus, 2011). The family members are able to handle difficulties by intergenerational succession (Janjuha-Jivraj, Martin, & Danko, 2012). The authors defined BAGs as ‘by reinventing itself when economic downturns and dramatic changes in the environment and requirements occur, using internationalization as a means for continuous development’ (Janjuha-Jivraj, Martin, & Danko, 2012, p.212). Furthermore, Baños and Fernández-Roca (2017) used a case study to investigate a Spanish family-owned BAG firm. The product of this firm is olive oil (traditional products), and this family-owned business survived two crises. The critical incident of rapid internationalisation was

acquisition, and the findings of the case study indicated that the internationalisation process of the Spanish family business was close to the international entrepreneurship (Baños & Fernández-Roca, 2017).

Summary of the BAGs literatures

The table 2 summarises the literature of BAGs.

Table 2: Summary of BAGs research

Author/authors	Definition of BAGs global	Motivation and entry mode	Sample: size, age and location	Types of paper
Bell, McNaughton, and Young (2001)	<p>Born-again global strategy ('critical events' or 'episodes') can lead to internationalisation or deinternationalisation rapidly.</p> <p>"Internationalization is not a linear, incremental, unidirectional path" (Bell, McNaughton, & Young 2001, pp.186).</p>	<p>Motivation: critical incident.</p> <p>Entry mode: network.</p>	<p>Sample: 9 cases</p> <p>Size: SME</p> <p>Age: average 10 years domestically</p> <p>Location: UK, NZ, Scotland, Australia, Ireland</p>	<p>Empirical study</p> <p>Case study</p>
Bell, McNaughton, Young, and Crick (2003)	<p>The motivation is reactive. Explore new markets and resources gain from critical incident.</p> <p>Network is important for expansion and distribution in the foreign market.</p>	N/A	N/A	<p>Empirical study</p> <p>Theory building</p>
Jantunen, Nummela, Puumalainen, and Saarenketo (2008)	The 'critical incident' of the BAG firms may have the positive effects on the entrepreneur orientation. This entrepreneur orientation and the BAGs' strategy may lead to the success of the BAG firms in the international markets.	<p>Motivation: no motivation in domestic.</p> <p>International-growth orientation after 'critical incidents'</p>	<p>Sample: 299 companies</p> <p>Size: at least 50 employees</p> <p>Age: N/A</p>	<p>Empirical study</p> <p>Quantitative research, questionnaire</p>

		Entry modes: N/A	Location: N/A	
Janjuha-Jivraj, Martin, and Danko (2012, p.212)	‘By reinventing itself when economic downturns and dramatic changes in the environment and requirements occur, using internationalization as a means for continuous development’.	Motivation: opportunities for growth overseas Entry modes: hire marketing specialist with key knowledge	Sample: 1 case Size: family SME Age: found in 1948 Location: UK	Empirical study Case study
Kuivalainen, Saarenketo, and Puumalainen (2012)	Low competitive advantages and the foreign sales rate less than 25% before strategy changed. Strength competitive advantages and the foreign sales rate more than 25% after strategy changed.	N/A	Size: SME, less than 500 employees. 171 firms participated. Age: Since 1986 Location: Finland	Empirical study Quantitative method and questionnaire Research focus: born global firms
Kontinen and Ojala (2012)	Born-again global refers to a firm that runs business domestically, but later internationalises after critical events, such as acquisition by another company. The products of the BAG firms are largely innovative, manufactured products.	Motivation: generational change Entry modes: exporting via network	Sample: 8 cases Size: family SMEs Location: EU	Empirical study Case study Interview

Sheppard and McNaughton (2012)	<p>The BAG firms are categorised as a special case of domestic SME exporter firms.</p> <p>The size and age of BAG firms are larger than BG firms.</p> <p>BAGs have lower expenditures (about 5% of revenue) on the R&D.</p>	N/A	<p>Sample: 347 companies</p> <p>Size: up to 250 employees</p> <p>Location: Canada</p>	<p>Empirical study</p> <p>Survey</p>
Scott-Kennel (2013)	<p>Born-again global strategy is employed at a later stage of their life-cycle. Born-again global firms operate domestically for a long time and then experience rapid globalisation. Importantly, most of the firms operate domestically for more than five years and then experience rapid globalisation in the first two years (late but rapidly). New Zealand firms, particularly SMEs, may be following a related “transformational” variant of the strategy.</p>	<p>Motivation: critical incident.</p> <p>Entry modes: NZ firms prefer low cost/risk entry modes.</p> <p>Networks, strategic alliances and sales subsidiaries</p>	<p>Sample: 30 firms</p> <p>Size: SMEs by international standards (up to and including 300 employees)</p> <p>Location: New Zealand</p>	Theory building
Schueffel, Baldegger, and Amann (2014)	<p>Push and pull factors affect the mature SMEs’ transformation into BAG firms.</p> <p>Innovativeness, preparation, adaptability and openness to learning are essential for the BAG firms.</p>	<p>Motivation: N/A</p> <p>Entry modes: networks and agents</p>	<p>Sample: 7 firms</p> <p>Size: SME fewer than 250 employees (EU)</p> <p>Location: Switzerland</p>	Theory building

The following paragraphs summarises table 2:

Bell, McNaughton, and Young (2001) claimed that ‘born again’ global firms are different from traditional and BG firms. The motivation for these ‘born again’ global firms is ‘critical incidents’. Also, these firms used the network as the entry mode. The entry modes include distributors and agents, the parent company, exclusive retail outlets, export sales team, dealer networks, and strategic alliance. The size of the samples is SMEs, and the employees are up to 250. The locations include UK, NZ, Scotland, Australia and Ireland. This literature used nine ‘born again’ global cases to conduct the empirical study.

Bell, McNaughton, Young, and Crick (2003) examined three types of SMEs’ internationalisation: traditional, BGs and BAGs. This study is theory building. The authors identified seven criteria to evaluate the behaviour patterns of the SME firms: motivation, objectives, expansion patterns, pace, the method of distribution/entry modes, international strategies, and financing.

In brief, the behaviour patterns of BAG firms are reactive, and these firms are motivated by the ‘critical events’. These firms use networks to gain resources and customers in the overseas markets, and the ‘parent’ company may provide ‘born again’ global firms’ new networks. Importantly, the ‘parent’ company may invest in the ‘born again’ global firms because of the ‘critical event’ such as management buyout.

Jantunen, Nummela, Puumalainen, and Saarenketo (2008) evaluated traditional, BGs and BAGs from the perspective of the dynamic capability. This dynamic capability includes learning orientation, entrepreneurial orientation, and international-growth orientation. The authors used the quantitative method to evaluate the international performance. The ‘critical incident’ of the BAG firms may have the positive effects of the entrepreneurial orientation. This entrepreneurial orientation and the BAGs’ strategy may lead to the success of the BAG firms in the international markets.

Janjuha-Jivraj, Martin, and Danko (2012) used a UK family SME as a case to conduct the research. This family SME was found in 1948. The 'critical incidents' in this case were economic downturns and dramatic changes in the environment. The motivation of internationalisation is opportunities for growth in the new markets. This family business hired a marketing specialist with the key knowledge to enter the foreign market.

Kuivalainen, Saarenketo, and Puumalainen (2012) used the quantitative method to evaluate the 'born again' global firms in Finland. The authors test the different patterns of traditional, BGs, and BAG firms. Also, they indicated that BAG firms have low competitive advantages and the foreign sales rate of less than 25% before strategy changed, and then they strengthened their competitive advantages and the foreign sales rate grew to more than 25% after strategy changed. The motivation and entry modes were not mentioned in the study because the authors believed that entry modes were not important in their sample. However, entry modes are an important indicator of the strategy in the stage of internationalisation (Kuivalainen, Saarenketo, & Puumalainen, 2012).

Kontinen and Ojala (2012) investigated the international strategy of family-owned SMEs. The eight cases are located within the EU, and the motivation of these family-owned SMEs' internationalisation is generational change. In other words, the new generation of the family firms may internationalise their business. Hence, these SMEs export their products via the network.

Sheppard and McNaughton (2012) concluded that the BAG firms are categorised as a special case of domestic SME exporter firms. The size and age of BAG firms are greater than BG firms. BAGs spend a smaller percentage of their expenditure (about 5% of revenue) on R&D. The sample includes 347 Canadian SME firms, and the employee numbers of these firms was up to 250.

Scott-Kennel (2013) examined 30 New Zealand SMEs' internationalisation, and this literature is theory building. 'Born-again' global strategy is employed at a later stage of their life-cycle. These firms operate domestically for a long time and then experience rapid globalisation. Moreover, most of the firms operate domestically for more than five years and then experience rapid globalisation in the first two years (late but rapidly). Furthermore, New Zealand firms, particularly SMEs, may be following a related "transformational" variant of the strategy. The entry modes include networks and agents, and NZ firms prefer low cost/risk entry modes (Scott-Kennel, 2013).

Schueffel, Baldegger, and Amann (2014) indicated that push and pull factors affect the mature SMEs' transformation into BAG firms. Innovativeness, preparation, adaptability and openness to learning are essential for the BAG firms. The literature is theory building, and this research includes seven Switzerland SME firms (fewer than 250 employees). Hence, these SMEs use networks and agents as entry modes.

The literatures include three quantitative researches, three qualitative researches, and three theory papers. The SME firms include family SMEs in the literature and the size of SMEs vary from 50 to 500 employees. These SME firms are distributed in EU, North America, and Oceania. Moreover, most of the literature adopts Bell, McNaughton, and Young (2001)'s definition of 'born again' global. Most of the SMEs and family SMEs use networks to enter international markets.

This research adopts Bell, McNaughton, and Young (2001)'s definition of 'born again' global. 'Born again' global means SMEs operate their business in the domestic market over more than five years, and then internationalise rapidly because of the 'critical events'. Moreover, the SMEs include family-owned firms, and the size of the SMEs adopted in Scott-Kennel's (2013) research is up to and including 300 employees in New Zealand. Furthermore, the motivation and entry modes are not identified in some literature. So, this study will investigate motivation and entry modes of the 'born again'

global SMEs. In addition, some studies compare and contrast the differences between born global, traditional, and ‘born again’ global firms. In other words, ‘born again’ global needs more in-depth study and qualitative research.

International entrepreneurship approaches (IE model)

This thesis is based on the Schueffel, Baldegger, & Amann (2014) conceptual framework, which elaborated on the Zahra and George (2002) international entrepreneurship model as a basis for exploring the research questions. This model had integrated different approaches from international business, strategy and entrepreneurship. Researchers examining born-global and BAG firms have employed the Zahra and George model in international entrepreneurship for investigating why, how and when domestic companies suddenly internationalise their operations.

Schueffel et al (2014) proposed a conceptual model (IE model), which extended the Zahra and George model and integrated critical incidents from Bell et al (2001) and worked on assumptions drawn from the literature. They argued that their study found that critical incidents were different to those proposed by Bell et al and this is an area that needs additional qualitative investigation. This research, therefore, adopts Schueffel et al’s (2014) international entrepreneurship model as a framework (referred to from this point as the IE model) as it enables us to draw theories from international business and global strategy and provides a broad and comprehensive context for qualitative research as it covers many important factors of SME internationalisation, and, whilst a progression from earlier theory, still needs extension in the context area.

The IE model of this study includes four factors: antecedents, determinants, outcomes and context (Schueffel, Baldegger, & Amann, 2014) as outlined in table 3 and figure 2. Antecedents refer to environmental, organisational and strategic factors. These factors affect the internationalisation process and competitive advantages of the BAG SMEs. Determinants refer to three dimensions of the internationalisation process: the number of international sales (export ratio), value chain activities in overseas markets, and the

years between the firm's funding and its first foreign sales. Outcomes refer to international activities affecting the firm's performance. These activities may affect the firms positively, negatively or bear no relationship between IE and revenue. Context refers to variables of international entrepreneurship. These variables make internationalisation more attractive or profitable than domestic operations. Thus, the IE model provides a critical framework to this research, and here emerge the following research questions:

- What were the antecedents (environment, organisational, strategic factors) affecting the BAGs' entry into international markets?
- What was the critical incident of rapid internationalisation?
- What was the internationalisation process (extent, scope, speed)?
- What were the outcomes of the internationalisation?

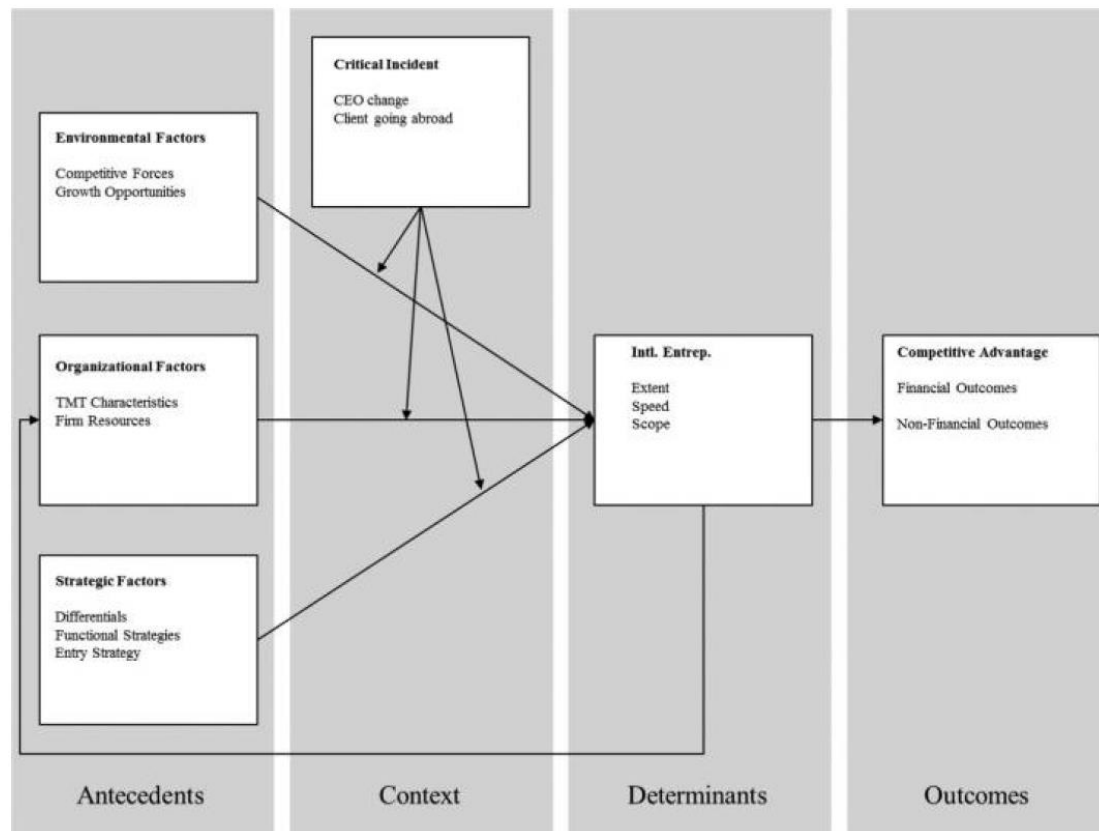
The interview questions were based on the IE model (see Chapter 3).

Table 3: Factors in the internationalisation behaviour of SMEs

Antecedents	Environmental factors: Competitive Forces, Growth Opportunities Organisational factors: Top Management Team Characteristics, Firm Resources Strategy factors: Differentials, Functional Strategies, Entry Strategy
Context	Critical incident: CEO change, Client going abroad
Determinants	Internationalisation process through several dimensions: Extent, Speed, Scope
Outcomes	Competitive advantages: Financial outcomes, Non-financial outcomes

Figure2: A conceptual framework of the internationalisation behaviour of SMEs.

Source: Schueffel et al, 2014.



The next part of this chapter will introduce the definition and previous research findings of BAGs.

New Zealand SMEs' internationalisation

According to Scott-Kennel (2013), New Zealand is a small island economy, and it is geographically far away from large markets. The nearest market of New Zealand is Australia. As a result, the economy of New Zealand relies on the business activities of SMEs (Scott-Kennel, 2013). From the perspective of economics, New Zealand is one of the most open economies in the world (Hamilton & Dana, 2003; Chetty & Campbell-Hunt, 2004a, as cited by Scott-Kennel, 2013). The openness of the economy leads to there being no protection by subsidies, as well as trade barriers. Therefore, New Zealand firms compete at international standards within the domestic and foreign markets (Scott-Kennel, 2013).

The internationalisation literature summarised that the traditional and emergent models of internationalisation are able to explain the phenomenon of New Zealand firms' internationalisation (Scott-Kennel, 2013). In other words, the traditional model is able to explain the export activities of the agricultural industry. Also, the emergent model is able to explain the innovative firms. These firms are successful in the internationalisation process because of management style, entrepreneurship, and the effective network (Scott-Kennel, 2013).

The transformational model is suitable to explain the BAG strategy of New Zealand firms, but there is one characteristic that is different from the BAGs (Scott-Kennel, 2013). The rapid internationalisation happens at the late stage of the BAG firms' life-cycle (Bell et al., 2001a). However, the findings regarding New Zealand BAG firms indicated that "all the firms following the transformational model were already operating internationally – many for some time and very successfully – at the time of exit or trade sale (Scott-Kennel, 2013, p.123)". So, here emerged a research question: Why did New Zealand BAGs enter international markets late?

Research questions

The following research questions of this thesis emerged from the literature review:

1. Why did New Zealand BAGs enter international markets late?
2. What were the antecedents (environment, organisational, strategic factors) triggering BAGs to enter international markets?
3. What was the critical incident of rapid internationalisation?
4. How did the New Zealand BAGs enter or select the international markets?
5. What was the internationalisation process (extent, scope, speed)?
6. What were the outcomes of the internationalisation?

The next chapter will justify the methodology and research methods to investigate these research questions.

Chapter 3 Methodology

This chapter will discuss the methodology and methods adopted to explore the research questions identified in chapter 2. The research questions are as follows:

1. Why did New Zealand BAGs enter international markets late?
2. What were the antecedents (environment, organisational, strategic factors) triggering BAGs to enter international markets?
3. What was the critical incident of rapid internationalisation?
4. How did the New Zealand BAGs enter or select the international markets?
5. What was the internationalisation process (extent, scope, speed)?
6. What were the outcomes of the internationalisation?

These questions require exploratory research to build a rich and detailed understanding for the strategic actions of the firm and its decision to internationalise. The processes driving these decisions in the literature are not fully identified, and therefore, the correct epistemological orientations and methodological approach to investigate these questions needs to be examined.

3.1 Qualitative research (case study) for this thesis

Epistemology

According to Gray (2014), epistemology is able to provide a philosophical background of knowledge, and what kinds of knowledge are acceptable and reasonable. Also, Easterby-Smith et al. (2002 as cited by Gray, 2014) claim that epistemology is critical for research because of the following two reasons. Firstly, knowledge of research philosophy will guide the researchers to choose the research designs. In other words, the researchers will identify which designs are feasible and which designs are not. Secondly, epistemology provides a basic structure for the research. This basic structure is able to indicate how to collect the evidence (data), and where this evidence (data) comes from, as well as how to explain (analysis) these data.

Epistemology includes objectivism, constructivism, and subjectivism. Objectivism represents the objective truth. It means that researchers should not include their subjective points of view in the research. The theoretical perspective relating to objectivism is positivism (Gray, 2014). However, the constructivism offers a different perspective. Constructivism posits that truth and meaning emerge from the subject's interactions with the world, 'Hence, multiple, contradictory but equally valid accounts of the world can exist' (Gray, 2014, p.20). A theoretical perspective relating to constructivism is interpretivism. Subjectivism means that meaning is 'imposed on the object by the subject' (Gray, 2014, p.20). This research adopted constructivism as the epistemology, and the theoretical perspective is interpretivism.

Qualitative method

Eriksson and Kovalainen (2016) indicated that it can be difficult to define qualitative research and quantitative research. Table 4 compares the characters of quantitative and qualitative research.

Table 4: quantitative and qualitative research

Source: Bryman and Bell, 2007.

Characteristics of quantitative research	Characteristics of qualitative research
Numbers being used to measure social life	Words used in presentation of analysis of society
Point view of researcher	Point view of participants
Researcher is distant	Researcher is close
Theory and concepts tested in research	Theory and concepts emerge from data
Static image of social reality	Process of change and connection over time of social settings
Structured	Unstructured approach
Generalization to relevant population	Contextual understanding of particular research context
Hard, reliable data	Rich , deep data
Macro	Micro (large scale vs. small scale)
People's Behaviour	Meaning of Action
Artificial Settings	Natural Settings

Quantitative research uses numbers and figures to investigate social life (business activities). Quantitative research reflects the point of view of the researcher (Bryman & Bell, 2007). Moreover, quantitative research focuses on explanation, evaluation of hypothesis, as well as statistical analysis, and is structured, standardised, and abstracted modes (Bryman & Bell, 2007; Eriksson & Kovalainen, 2016).

Qualitative research uses words to present the analysis of society (include business research). This method adopts the viewpoints of the participants. In other words, the researchers record the opinions of the participants (Bryman & Bell, 2007). Furthermore, qualitative research is focused on interpretation and understanding. The aim of qualitative research is a holistic understanding of the issues studied. It means that qualitative research is based on the contextual understanding of a particular research context (Bryman & Bell, 2007; Eriksson & Kovalainen, 2016).

Qualitative research is needed to understand the factors around how and why New Zealand firms, especially SMEs, enter international markets as BAG firms, and to

better clarify how to define the concept of the BAGs. The qualitative research method is suitable to answer the research questions as it provides in-depth analysis. For example, the interview is the best way to identify the specific reasons for NZ SMEs becoming BAGs (Schueffel, Baldegger, & Amann, 2014). Importantly, qualitative research provides the rich data to conduct this research. The research findings may offer the potential for theory refinement or theory building, for example, the potential to expand the IE model.

Although the quantitative method is able to discover the process of New Zealand firms' internationalisation, quantitative method is not able to investigate the in-depth reasons and process of internationalisation where possible factors have not been adequately or fully identified or understood in the literature. A quantitative method may for example include a survey to conduct the research, and then the participants choose the answers from the survey. However, as the questions of the survey are designed by the researchers, they are more likely to preclude new knowledge or emergent themes.

This researcher chose qualitative methods because the qualitative approach is able to gather the in-depth information on New Zealand firms' internationalisation. This research used semi-structured interviews to conduct case studies. Compared to multiple-choice questions (quantitative method), the semi-structured interview is able to understand the firm's context, and to gather the specific reasons for the strategic decisions where participants explain their unique experiences.

3.2 Case study method

The case study method is widely used by different subject areas such as psychology, medicine, law, political science, anthropology, sociology, and education (David, 2016 as cited by Eriksson & Kovalainen, 2016). Moreover, the classic organisation and management research is able to categorise case studies. The significant

characteristic of the case study is identifying the case, and then solving the case (Dyer & Wilkins, 1991 as cited by Eriksson & Kovalainen, 2016). Furthermore, the case study is able to deal with diversity and complexity. In other words, a case study uses multiple sources of data to generate the holistic and contextual in-depth knowledge. Therefore, a case study avoids the simple structure of the research design. Importantly, the criteria, which are applied in defining the case study, are critical for the researchers (Eriksson & Kovalainen, 2016).

According to Eisenhardt (1989; 1991, as cited in Eriksson & Kovalainen, 2016, pp. 132-147), the case study is able to test and extend theory. Therefore, this thesis chose the case study method because case studies are able to examine what criteria of the IE model relate to the literature. Also, the case study is suitable to answer in-depth research questions. Geertz in 1973 (as cited in Eriksson & Kovalainen, 2016, pp. 132-147) claimed that intensive case study research is to learn how a specific and unique case works. The intensive case study may use one or a few cases to conduct the research. A case can be designed by interviewing key informants, and reviewing this information with a contextual understanding enhanced through secondary research, for example, by examining publicly available company information.

3.3 Ethical approval

This research was accepted and approved by Auckland University of Technology Ethics Committee (AUTEC) on 9th October 2017, and the ethics approval form was completed and submitted to AUTEC. The purpose of ethics approval is to protect privacy and safety of the participants.

The participants were to receive the invitation, which included an information sheet, consent form, and interview questions before the interview. The invitation was sent to 10-15 SME firms because firms may or may not participate in this interview. This researcher selected cases to conduct the research. The information sheet provides brief

information about this research to the participants such as the purpose, aims, and method of this research. Moreover, the participants are able to know from this information sheet that their privacy is protected because the name of the company and the participants are not identified in the research. Also, if these participants have any concerns, they are able to use the information sheet to find the contact details of this research programme.

The participants and researchers have to sign the consent form because this form provides the participants with the opportunities to ask questions. Also, the consent form guarantees that the participants are invited to be involved in this research. Furthermore, the participants learned from the consent form that their participation is entirely voluntary and that they are able to decline to answer the interview questions. Importantly, the consent form ensures that the participants could withdraw from this study at any time up to the conclusion of data collection without providing any reasons.

The interview transcript was transcribed by a professional agent, and the transcribing agent signed a confidentiality agreement. So the confidentiality is ensured because of the professional transcription agent and the confidentiality agreement. The privacy of the participant is protected because few people can access the data (the researcher, supervisor and the transcriber). In addition, the participants are able to review their interview when it has been transcribed. The AUTECH materials are found in appendix A.

3.4 Data collection

The data collection process includes two stages: 1) sample selection; 2) data collection (interview).

Sample selection

This research defined the criteria of the participants and then selected the sample. The criteria of the sample include a small number of New Zealand BAG firms as case

studies, around five cases (until data saturation is reached), and drawn from a sample of firms which fit the BAG criteria (as identified by Scott-Kennel, 2013, in her New Zealand-based study).

Senior managers, including firm founders, who are responsible for the international strategy, are the potential participants. This research chose these senior managers because they may understand the internationalisation history of the firms, and these participants may provide the in-depth research data. Finally, this research interviewed five participants, and they are CEO, COO, and General Manager of the firms. These participants are familiar with the internationalisation history of the firms, and most of the participants were involved in the internationalisation process. These informants were picked as they had direct knowledge of the decisions regarding internationalisation. Participants B, C and D were involved in the internationalisation decision at that time. Participant A was not involved in the internationalisation process, but participant A wrote a PhD thesis about Firm A's history. So, participant A is able to answer the research questions about Firm A's internationalisation. These five participants have knowledge and experience of internationalisation. Importantly, all of the participants understand the culture difference in different countries. Thus, these participants are able to provide the knowledge for the research questions. Table 5 summarises the information of the five participants.

Table5: information of the participants

Participant	A	B	C	D	E
Position	COO	Managing Director	CEO, Founder	General Manager	General Manager
Knowledge/experience of internationalisation	Yes	Yes	Yes	Yes	Yes
Internationalisation decision	Not involved	Involved	Involved	Involved	Involved

Note: participant D is general manager in Firm D, and he was former general manager in Firm E.

This research selected companies within the Auckland region for convenience, and also because, based on prior research, many BAG firms are located in this region. In line with exploratory qualitative research, this thesis identified around 18 firms from their official website, annual report, and secondary data which met the BAGs criteria in order to include around five cases in the list, ensuring that, should a firm decline to participate, the research can move to the next company in the sample. Moreover, this process will collect secondary data about the firms in question, which should provide a range of evidence that can be triangulated to develop a picture of how the firms internationalised. In other words, the key data was triangulated through a review of secondary sources, including company reports, company website data, and from the media, including business and trade publications. Based on the secondary data, a brief timeline of internationalisation was drawn. The primary data were more accurate than the secondary data because some of the participants corrected the mistakes of the brief timeline. As a result, this research used the timeline provided by the participants. Finally, this research selected five firms as the cases to conduct the research and analysis. At the conclusion of data collection with five participating firms it was decided that sufficient data had been collected to conclude this phase of the research.

Appendix A shows the list of the 18 firms that met the criteria as BAG firms. The criteria used were that firms have a 'rapid' internationalisation process after having operated domestically for more than five years 'Rapid' internationalisation means that there was an increase in the foreign sales rate to more than 25% of total sales. For this study a definition was adopted that a 'slow' internationalisation process means that the firms spend more than two years to internationalise their business and the foreign sales rate will be less than the 'rapid' firms (for example less than 25%).

The sample list was constructed from a number of sources. The firms' information was collected from New Zealand Trade and Enterprise (NZTE), National Business Review (NBR), Scott-Kennel's (2013) paper, and firms' official websites. NZTE sources

included ‘international business award’ nominated and winning firms 2015-2016. The awarded firms included large, medium and small size firms. Moreover, the National Business Review (NBR) provided the supporting data of the firms. Furthermore, the source of Scott-Kennel’s paper included traditional firms, BG firms, and BAG firms. The initial sample of this research included the BAG firms from Scott-Kennel's paper. In addition, firms' official websites provided detailed information of the firms' such as employee numbers, export countries, and the history of the firm.

Interview process

The qualitative interview contains three major approaches: structured interviews, semi-structured interviews, and unstructured interviews (Eriksson & Kovalainen, 2016). Structured interviews ask ‘what’ questions, and these questions are pre-designed with less flexibility in the order of the interview questions. Semi-structured interviews may use ‘what’ and ‘how’ questions. The pre-designed interview may include topics, issues and themes derived from the literature. Importantly, semi-structured interviews may change the order of questions, add questions and probe in areas, as it is flexible. The nature of the unstructured interview is informal, unstructured, and narrative. This type of interview is able to reflect the insights of the interviewees. This research used the semi-structured interview to conduct the research as this approach is able to collect in-depth responses from the interviewees based around exploring concepts established in the literature, using the IE model as a framework.

The researcher interviewed the participants and then transformed the interview into the interview transcripts. In the next stage (data analysis), the researcher used five steps to analyse the data. These steps include the case record, strategies of analysis, coding, sensitising concepts and analytic techniques (Eriksson & Kovalainen, 2016, pp. 132-147).

The researcher contacts the participants before the interview. The participants will receive an email, which invites the participants to participate the research. This email includes an information sheet, a consent form, and the interview questions (see

appendix B). The participants are able to understand the aim of interview as well as why they are selected. Some participants replied to the email, and then agreed to participate into the research. Some participants didn't reply to the email, and then a telephone call followed up the email. Initially six firms were identified as BAG firms, and then the invitations were sent to the participants. Finally, five of these firms accepted the invitation, and then participated in this research.

The interviewer used an iPhone as the tool to record the interview, and the app was Voice Memos. The initial interview questions structure was based on the IE model (see Chapter 2 figure 2). The four factors of the IE model, which consist of antecedents, context, determinants, and outcomes, are the basic structure of the interview questions. This ensured consistency across respondents. A brief timeline of the firms' internationalisation process and a graph of the IE model were demonstrated to the participants during the interview, derived from secondary research, and the participants were asked to check this and to add any missing information, and to narrate the firm's internationalisation history. Emerging themes were explored further with additional probing questions, which were further explored in subsequent interviews by being added to the semi-structured framework.

3.5 Data analysis

The data analysis includes five steps: 1) the case record, 2) strategies of analysis, 3) coding, 4) sensitising concepts, and 5) analytic techniques. First, the primary data are managed and organised in the case record. Second, the induction-orientation strategy reflects the themes, patterns, categories, and activities of the empirical data. Next, the coding process classifies and labels the features, instances, issues, and themes of the data. Fourth, the researchers use sensitising concepts to look for the theoretical concept from prior research. Finally, the analytic techniques compare the findings with the existing theory or model (Eriksson & Kovalainen, 2016).

This thesis will use the IE model to analyse the information as a basis for the interview frame. As mentioned (see part 1 qualitative research), qualitative research is able to investigate the reasons behind the decision. For example, this research will use the IE model to examine the BAGs strategy (critical events). The research aims to extend the IE model as part of this process.

As this research included only five firms, this researcher used Microsoft Word and Excel to analyse the data, which including coding the data in several stages and identifying themes.

Chapter 4 Cases and Findings

This chapter describes the internationalisation history of the case firms and then presents the findings of each case, for example, international history of Firm A, and then findings of Firm A, initially structured around the international entrepreneur model constructs.

The industries of the cases include intellectual property law, manufacturing, brewing, alcoholic beverages, and IT.

Case A

Firm A provides intellectual property law services. The participant of Firm A is the chief operating officer (COO), and the participant is familiar with the history of the firm's internationalisation process. The following table summarises some details of Firm A.

Firm size	Sector	Internationalisation speed	Brief timeline
Medium	Service	Slow	1913: founded 1990s to 2008: Hong Kong 2013 to 2017: Sydney

History of internationalisation

Firm A was founded in Wellington in 1913. Firm A operated in New Zealand from 1913 to the 1990s, and the firm has a good reputation in New Zealand. Firm A focused on the New Zealand market until the 1990s.

Hong Kong (the 1990s to 2008)

Firm A entered the international market in the 1990s. Hong Kong was the firm's first overseas market. Firm A identified that the intellectual property profession of patent attorneys was not very well developed in Asia at that time. Also, Firm A saw the

potential of Asia to grow and mature. Importantly, Firm A is well established in New Zealand. Therefore, Firm A decided to invest in a relationship with a Hong Kong firm as the Asian market grew. The CEO of Firm A made the decision to enter Hong Kong because this CEO had a personal relationship with the managing partner of the firm in Hong Kong. The entry strategy of internationalisation at this stage was an 'alliance' with the overseas partner. The 'alliance' means that each firm maintained independence and their own brands.

Firm A closed the Hong Kong office in 2008. The organisational factor of this decision was the change to a new CEO, and the external economic environment in Hong Kong (1997 HK stock crisis) affected the Hong Kong office. The participant indicated that the decision to enter Hong Kong was correct, but the 'alliance' was inappropriate. Perhaps Firm A should have bought the Hong Kong firm at that time. Firm A was not able to control the quality or the market positioning of the 'alliance'.

Sydney office in Australia (2013 to 2017)

Firm A opened their Sydney office in Australia in 2013. It is easy to enter Australia because New Zealand patent attorneys are able to act in Australia in exactly the same way that they can act in New Zealand. Firm A planned to enter Australia in 2003 by acquiring a firm in Australia, but the top management team (TMT) did not want to take the risk. So, Firm A did not enter Australia in 2003. Firm A started looking again at going to Australia quite seriously around 2012, and at that time there was a person who had worked for Firm A in the 2000's at some stage, who had been in Sydney and who had established his own small firm. So, Firm A looked at acquiring that small firm in Australia. The TMT of Firm A thought that it was a relatively low-risk option because the person had come from Firm A, and the person knew about Firm A's values, knew about Firm A's quality standards etc.; so that is how Firm A entered Australia. Firm A grew rapidly in Australia. However, Firm A realised that there were some very serious quality issues in their Sydney office. In other words, it was difficult to control the quality in Australia. So Firm A closed their Australian office in 2017.

Firm A was acquired by a listed Australian intellectual property company in 2017. This listed Australian intellectual property company has offices in New Zealand, Singapore, Malaysia, China, Indonesia, Thailand and Hong Kong. The participant indicated that each firm operates completely independently because of the nature of how intellectual property works.

Links to the international entrepreneur model

Antecedents

The environment factor of Firm A entering Hong Kong was the potential growth opportunities in the Asia market. Also, the opportunities for growth were always going to be limited within New Zealand. Organisational factors include the top management team (TMT) characteristics and firm resources. The TMT were entrepreneurial, and Firm A was very profitable in New Zealand and had resources to invest in Hong Kong. The strategies include growth and potential first-mover advantages. Firm A identified the growth opportunities in Australia and Hong Kong. Also, Firm A achieved the first-mover advantages as their competitors in New Zealand did not identify the growth opportunities in Australia and Hong Kong. Firm A used their network to enter international markets.

Context

The 'critical incident' of Firm A included alliance and acquisition.

Determinants

The profit of the Hong Kong office was less than 5%, and the profit of the Australian office was about 5%. The speed of internationalisation was slow. Firm A spent more than 20 years on internationalisation. Firm A entered two international markets, and then this firm closed their overseas offices.

Outcomes

Firm A learned that it was difficult to control the quality in their overseas offices. Firm A earned a good reputation from their internationalisation, and then the Australian listed company acquired Firm A.

Findings of case A

Antecedents

Environmental factors

Growth opportunities

The growth opportunities in the Asian market were the environmental factors. Firm A entered the international market because they identified the opportunities.

'I think it was growth opportunity. We could see that Asia was going to be a big market for intellectual property in the future, so I think there was quite a lot of foresight that was involved. So certainly it would have been a growth opportunity. Our competitors hadn't seen that it was a growth opportunity. They were still looking within New Zealand, but we thought there was an opportunity to go.'

'I think that there was just this hunger for growth and within New Zealand it was always going to be relatively limited, the opportunities for growth were always going to be limited, so the only way that the firm could really grow significantly was to look at going to offshore markets.'

Organisational factors

TMT characteristics

The decision of Firm A to enter the Asian market was based on a manager's judgment and intuition.

'It was our managing partner here who saw the opportunity and had the relationship with the firm in Hong Kong, but that particular managing partner, he had travelled very widely. Most partners in intellectual property firms travel widely because we need to get work from overseas clients and in his travels he had identified... he was exposed I suppose to information about international

trends, more than if we were just operating in New Zealand. So it was about that particular managing partner using his judgment and intuition to identify an opportunity.'

Firm resources

Firm A had the resources to enter the international markets. Firm A was successful in New Zealand's local market. Also, the manager of Firm A was entrepreneurial. So, the managing partner took the financial risks to invest in the Asian market, and then later Firm A opened the Australian office in Sydney.

'As I said we had a particularly entrepreneurial managing partner at the time and the firm was very profitable and so we probably did have some resources that we were able to invest in that venture. I think those were the main reasons why we decided to do that.'

Strategic factors

Functional strategy

The functional strategy of Firm A was growth. Firm A used its reputation and service quality as their resources to invest in the international markets.

'The strategy was growth. We thought that the New Zealand market was limited, had limited growth options, whereas Asia had unlimited growth options. Because of the nature of intellectual property our brand is very, very well known internationally and very much associated with quality and so we thought that we could leverage that reputation and that brand by going into a market where there was greater growth opportunities.'

Entry strategy

Firm A used a strategic alliance to enter Hong Kong.

'Actually it was probably in the late 90s or mid-90s that we established an alliance with the Hong Kong firm, so that was probably our first attempt to internationalise. That carried on until about the mid-2000s and then in 2013 we established a Sydney office. That closed last year, so we've had two.'

Firm A bought an Australia firm to enter the Australian market.

'I think the firm started looking again at going to Australia quite seriously around about 2012 and at that time there was a person who had worked for Firm A in the 2000's at some stage, who had been in Sydney and who had established his own firm, his own small firm. So Firm A looked at acquiring that firm to rebrand it as Firm A and then that would be the opportunity to try and tap into some of this work. They thought that it was a relatively low risk option because the person had come from Firm A, so the person knew about our values, knew about our quality standards etc., so that's why we went and the model that we used when we went to Australia.'

Context

Critical incident

Strategic alliance was one of the critical incidents.

'I can't remember the details of the financial relationship, but it meant that each firm maintained independence and their own brands, but there was an agreement to refer work to each other. So it's quite complex, [Firm A] would get international work and then refer it to the Hong Kong firm and then get fees as a result of it.'

Firm A acquiring an Australia firm was one of the critical incidents.

'For many years, I think probably for about the last 20 years, the partners of the firm have been talking about establishing an office in Australia because New Zealand patent attorneys are able to act in Australia in exactly the same way

that they can act in New Zealand . So the firm had been talking about going to Australia and in about 2003 they looked at acquiring a firm in Australia...'

Determinants

Internationalisation process of a company

Extent

The revenue of Hong Kong office was less than 5%, and the revenue of Australia office was less than 5%. So, extent of Firm A is small.

Speed

The speed of internationalisation is slow because Firm A spent more than ten years to enter two international markets.

Scope

The scope of internationalisation is small because Firm A entered only Hong Kong and Australia.

Outcomes

Competitive advantages

Firm A closed the Hong Kong office because Firm A changed their CEO.

'So it was always a little bit... it wasn't firmly embedded within our firm, the support for the office wasn't firmly embedded within our firm. So then probably several years later we had a new chief executive who didn't see the potential of the relationship and who had just seen the cost of the relationship and so he shut it down.'

Firm A closed the Australian office because of the quality issues.

'So yes it did grow quickly but we then realised at about the end of... middle of 2016, that there were some very serious quality issues and that our assumption

that by getting our new office to be led by someone who had originally come from the firm, that that would guarantee standards, we realised that that hadn't happened. There were some quite big risks around the work that was being done in that office.'

Firm A closed all of their international offices. Therefore, the international process of BAGs is not smooth. Also, there are some obstacles for the BAGs, such as quality control and management issues.

Non-financial outcomes

The participant mentioned that the New Zealand firms are naïve in international business.

'Yes, I think another thing that we learned in the Australian experience was that as New Zealanders we are very trusting, that's just part of our culture. We will trust people until they give us a reason not to trust them, whereas in other cultures, including Australia, it's far more adversarial I think.'

'Adversarial. I think probably by default people don't necessarily trust each other from the get-go, from the start, and so it can be a lot more difficult... we trust people, we assume that people will do what they say, whereas that's not necessarily the way that things work in other markets. There are other patterns of communication and patterns of behaviour and we are a bit naïve when we've gone overseas.'

'Well we just expect the best from everybody and so perhaps we don't put enough rigour around contracts and we don't perhaps research things enough because we take people at face value because that's the way that we operate here, whereas in other markets you wouldn't do that.'

Case B

The firm in case B is a synthetic turf manufacturer. The services of Firm B in New Zealand include manufacturing synthetic grass, civil construction, installation as well as the maintenance of their synthetic grass. The participant of Firm B is the managing director (Asia-Pacific), and the participant is familiar with the history of Firm B's internationalisation. The following table summarises some details of Firm B.

Firm size	Sector	Internationalisation speed	Brief timeline
Small	Manufacturing	Slow	1981: founded 1980s to 1990s: export to China 2000-2008: export to UK and US 2009: acquisition

History of internationalisation

Before the acquisition

Firm B was founded in 1981, and then the firm grew rapidly in the domestic market. As the synthetic turf industry was in the growth stage in the early 1980s, Firm B started getting inquiries from the international market. The firm first entered the international market in the late 1980s to early 1990s. Firm B's first exports were to China and Firm B was also exporting to Australia. The demand for the synthetic turf product was strong. The customers saw the advantages of synthetic turf for cricket and for tennis: much easier, less maintenance. By the late 1990s the brand of Firm B was so strong, not only in New Zealand and Australia, but also was starting to grow strong in Asia, Europe, the UK and the US because the firm was exporting.

2000-2008: the firm entered the UK and USA because these two countries have a similar culture to New Zealand.

The acquisition

Firm B was acquired by a Dutch company in 2009. This Dutch company has a 350-year history, and this Dutch company is the manufacturer of the raw material. So the Dutch company makes the plastic fibres that Firm B makes its grass from. The Dutch company was supplying lots of companies around the world, buying the raw material and then turning it into the synthetic grass. The Dutch company decided around the 2000s that, instead of just being the supplier of raw material to these companies, they could make the raw material and then also make the grass and sell it to the clients. So it was a vertical integration strategy.

The Dutch company was looking at companies who were in the synthetic grass industry who were well-recognised international brands. The Dutch company is the world's biggest supplier of the raw materials and they wanted brands, world brands, big players that were well-recognised as well. The Dutch company saw Firm B and some other companies at the same time, and then bought them all at the same time.

After the acquisition

The acquisition was the 'critical incident' of Firm B. Following the acquisition, the market for the products made by Firm B was expanded to 85 countries all over the world. Firm B was growing internationally prior to this, but Firm B had limited resources for international marketing. However, the Dutch company was already an international brand; it was known by the clients all over the world.

There is no question that the increase into 85 countries was easier once Firm B had an international owner because this owner was already selling these raw materials to companies all over the world: all through Asia, the US, Europe - everywhere. Moreover, the Dutch company was a successful international company and it brought lots of expertise. Lots of salespeople, who had already developed relationships in international markets, were able to help the Dutch company create contacts, open doors, and extend the sales channels. The Dutch company had their own teams based in China, South America, and North America. It was the salespeople talking to the local clients. So, Firm B received much enhanced resources to access the international markets from the acquisition.

Links to the international entrepreneur model

Antecedents

The environment factors were the young market with product demand growing at a very rapid rate in the domestic and international markets. The synthetic turf industry was a new industry in the 1970s, and Firm B started in 1981. So it was easy to meet the growth and go with the market growth.

The organisational factor was the sales team. When Firm B first started exporting, it was just the owner and one other employee and they would pack their suitcase and go for a month's each trip to Asia and North America to establish overseas clients. That was the only way they could do it because they did not have any other staff, other resources, or any other money. One of the things Firm B learned about sales is the customers buy from people they like, and could form relationships with. The only way the customers could get to choose Firm B's synthetic turf was if the salespeople of Firm B spent some time with the clients. The firm considered a three to four year span to build a relationship before the clients will spend a million dollars with the firm.

The strategy factors include vertical integration and the sale of the business. Dutch company is able to control the value chain of synthetic turf through the vertical integration strategy. The founder of Firm B had the ability to build a strong international firm that he could sell at some stage in the future.

Context

The 'critical incident' of Firm B was the acquisition.

Determinants

The speed of internationalisation was rapid. The export ratio was 80% because the New Zealand market is relatively small by the end of this period. Firm B entered 85 countries after the acquisition.

Outcomes

Firm B's financial performance was greatly enhanced through the acquisition, along with key resources and global accreditations owned by the parent firm. Because of the

global accreditation, Firm B is certified with FIFA who control football worldwide, FIH, which controls hockey worldwide, and with the World Tennis Federation.

Findings of case B

Antecedents

Environmental factors

The growth opportunities were the environmental factor of Firm B.

'What I mentioned earlier is a big part of Firm B's success is the industry we're in. It was a young industry, synthetic turf industry, only born in the 1970s, Firm B starts 1981. You've got this new market that's growing and it's growing quite rapidly. In the early days tennis, hockey, cricket, all moving from natural grass to synthetic grass because of the practicalities. There was more demand than there was people able to supply it so that's a huge... that makes life much easier for a company to be able to grow.'

Firm B identified the growth opportunities in the synthetic turf industry.

'So the environmental factors were young market, product demand growing at a very rapid rate so quite easy to be able to meet that growth and go with the market growth. It's very hard to grow in a shrinking market, very hard to grow in a stable market, but in a growing market much easier.'

Organisational factors

The sales team of Firm B travelled internationally, and they promoted the products of Firm B.

'A lot of travelling yes. These guys are spending a lot of time away from home selling the company, selling the company's capability, the company's products, trying to convince people. One of the things we learned about sales is people buy from people they like, that's why people buy things. The only way they can get to like you is if you spend some time with them, so you have to do this a lot.'

You have to travel a lot, you can't just turn up once, shake somebody's hand and then they're going to spend millions of dollars with you. You have to probably turn up over three, four years and build a relationship before they'll spend a million dollars with you.'

Strategic factors

The strategy of Firm B's former owner was to sell Firm B, and the company from the Netherlands was trying to achieve vertical integration from the acquisition.

'Yes that came later. So that was the Netherland Company's vertical integration strategy, that's why in 2009... but before I'm pretty sure the owner of the business realised that the synthetic grass market was growing and it was going to keep growing for a long time and I'm sure his ultimate strategy was to sell the business. So he starts from nothing, he builds it up and makes it stronger and he sells it to somebody and he makes a lot of money by selling it. I think ultimately his strategy was to build a truly international synthetic turf brand that people recognised so that one of the big global players would actually buy him out and that's exactly what happened. One of the big international players came down and said I like your business and I want to buy it.'

Context

Critical incident

The critical incident of Firm B's fast internationalisation was acquisition, and the Dutch company was a resource-seeking company. The Dutch Company was looking for the firms that had the successful international experience.

'Yes that's right. I think for this to happen, so in our case for this 2009 acquisition to happen, you have to be noticed first. The Netherland Company wasn't... when they were looking at buying an international grass brand if Firm B hadn't gone international already it wouldn't have bought them because it wants to buy acquisitions that already have a global footprint. So the fact that

Firm B had already opened its Australian branch, had already opened its United Kingdom branch and had already opened its North American branch meant that when the Netherland Company was doing its research for acquisition it said who are the truly international grass brands that we could buy? Firm B is one because it's already international.'

Determinants

Internationalisation process of the company

The extent of Firm B's international process is large because the export ratio of Firm B is about 25%.

'We would be too, that's what I'm saying, if we looked at Firm B in New Zealand only, the company entity that we have in New Zealand, then around 25% of our sales would be export and the balance would be the domestic market, but Firm B has gone from starting in New Zealand to expanding. Firm B is an international group now and what I'm saying is if you look at the international group's total sales, New Zealand is only 20% but if you bring it back to looking at New Zealand only, then approximately 25% of what we produce from here gets exported and the rest is for the domestic market.'

The speed of Firm B's internationalisation is fast. The Dutch company used their international sales team and channels to promote Firm B's products. So Firm B was able to enter more than 80 countries.

'Really within five years of starting it was starting to sell internationally. Very quick, within five years.'

'It becomes a little bit different because the reality is the New Zealand market is now a very small part... if this is our total market, New Zealand is a tiny part of it. So more and more of our sales are international sales now. We are international so it's not really a question of how fast do you become

international, we are international and the international sales are becoming much bigger than our local sales but again you expect that. New Zealand is only a small country so in New Zealand Firm B has 60% market share. It's not possible to get any more.'

The scope of internationalisation is large because Firm B's products were sold to more than 80 countries.

'There's no question that the increase into 85 countries got easier once we had an international owner because this owner was already selling these raw materials to companies all over the world, all through Asia, all through US, all through Europe, everywhere, so they're a well-known brand. It's much easier to say it's Steven from Netherland Company and they go ah Netherland Company, yes, can I come and talk to you about grass, than it is to say it's Steven from Firm B, who's Firm B? Who are you?'

'So yes, it definitely gets easier when you have an international brand that's a recognised brand. Also Netherland Company is a big company and it brings lots of expertise. Lots of people who have already developed relationships in international markets who can help you create contacts, open doors, that kind of thing. So yes, easier and expanded from here.'

Outcomes

Firm B reduced their production cost and enhanced their competitive advantages so there were financial outcomes.

'Yes there's no question that when you get international you get economy of scale and we've already had a conversation about the better your buying power so you can buy things more competitively. So yes, the advantages are you become stronger, so your buying power becomes stronger, which means your cost inputs become lower, but also it enables you to obtain things that help you

sell. So for example, Firm B certified with FIFA who control football worldwide. Firm B is certified with FIH, which controls hockey worldwide, with World Tennis Federation. Now we can do that with FIFA because FIFA wants partners who are all over the world. They don't want a partner who is just in New Zealand or a partner who is just in Korea, they want to deal with companies who can build football fields all over the world to their standards.'

The participant claimed that it is difficult to control the quality in the international markets.

'It's tough to keep that one set of values when you're global, really tough, and very tough if you're running the company because you're just constantly travelling trying to keep everybody focused on those common values. So it makes it tough but I would say there's far more benefit than disadvantage to being international.'

Issues of control are an outcome of rapid internationalisation. The participants mentioned that the culture difference in different countries may lead to difficulties in controlling things such as products and services quality.

Case C

Firm C is a technology firm, and has been in the software business for over 40 years. The services of Firm C include Point of Sale software, Retail Management software, and Retail Consultancy. The participant is the CEO of Firm C, and the participant was involved in the internationalisation process. The following table summarises some details of Firm C.

Firm size	Sector	Internationalisation speed	Brief timeline
Small	Software	Slow	1968: founded 1980s: rebranded to Firm C 1984-2004: exporting to foreign markets 2007: acquisition

History of internationalisation

Firm C was originally founded as a Burroughs mainframe bureau data processing company back in 1968 in Wellington. The Burroughs mainframe bureau data processing company was rebranded as the current Firm C in the late 1980s. The participant joined Firm C in 1989 looking after the software solutions and one of his tasks was to oversee the development product in launching a new retail system. That was Firm C's first DOS-based product and it was called Shop Master. That product was launched at the very end of 1989 after a pilot study and in 1990 Firm C went public with it.

Although Firm C was performing well in New Zealand, Firm C desired to expand outside of New Zealand. Firm C was aware of an opportunity in Australia in 1993, when they had been looking at internationalising their products. So Firm C exported to Australia in 1993, and then they realised that at that time New Zealand technology was

seen as being more advanced than their competitors in Australia. As the exports to Australia grew rapidly, Firm C opened an office in Australia. The timing of entering Australia was correct because Firm C was a market leader in New Zealand, and had sufficient resources. So Firm C's entry to Australia was deliberate.

However, the Asian expansion was serendipitous and accidental. In other words, it was not a conscious drive into those Asian markets. Firm C entered Malaysia in 2000. In 2001/02 Firm C signed a distribution reseller agreement with a company in Hong Kong and China. Firm C also had a business partner in Vietnam that came on board about 2003/04. Firm C was acquired by an Australian information technology and services company in 2007, and then Firm C entered 13 countries. The Australian company had been a big competitor of Firm C in Australia for a number of years.

Links to the international entrepreneur model

Antecedents

The environmental factor of Firm C's internationalisation was the growth opportunities offshore. There were the opportunities at that time, which some of the Australian vendors had not really seized, and in some markets, the competitors were not doing a good job of fulfilling demand. The IT industry had been dominated by companies like IBM, NCR Corporation and International Computers Limited (ICL). Although Firm C had some international competition that had arrived in New Zealand, the competition in the IT industry was weak in New Zealand.

The organisational factors of Firm C's internationalisation include the financial resources and building New Zealand culture in a particular country. Firm C had 25 or 30 staff in Australia, and Firm C was a small privately-owned New Zealand company. Also, Firm C did not want to be struggling for cash flow in the Australian market. So funding an Australian operation was something Firm C had to think about very carefully. Firm C had to build their culture and style of doing business. Firm C focused on being a trusted advisor, on being a partner, on being truthful but those were things that were non-negotiable for the firm and had to come through their local partners and staff. It was really a management responsibility, and Firm C was focused on making

sure that message was clear. Importantly, when there were big presentations to be done in Australia and when it came to closing deals the participant often went there to meet and talk to the clients and make sure the clients understood the culture of Firm C.

The strategy factor was the first-mover advantage. In other words, to survive three to five years into the future, Firm C had to achieve the first-mover advantage. The participant mentioned that if the firm did not internationalise it would have been put out of business by competitors who were international. Microsoft, Oracle, NSB and SAP were growing in the financial space and these companies were doing it by buying competitors, Microsoft, in particular, which bought four ERP vendors to form their dynamics team, and then they bought a point of sale company. Firm C realised that they had to grow to be competitive and they could not grow in the local market but had to grow internationally.

Context

The critical incident of rapid internationalisation includes acquisition and the market forecast. Firm C entered 13 countries by the acquisition. The market forecast in the IT industry was critical because of the dramatic competition in the global market. The IT industry is different from other industry because of its nature.

Determinants

The speed of internationalisation is slow because Firm C spent nine years moving to internationalise. The export ratio of Firm C is now 50%. In other words, 50% of income is from the international market. As mentioned before, the scope of internationalisation is 13 countries.

Outcomes

Firm C received financial support from the Australian company, and then Firm C was able to enter more international markets. The acquisition roughly doubled Firm C's turnover over time and had a huge impact on profitability. Importantly, the rapid internationalisation reinforced Firm C's competitive advantages in New Zealand.

Findings of case C

Antecedents

Environmental factors

The participant of Firm C claimed that the New Zealand market had less competition, and the firm entered international markets because the firm identified growth opportunities in the overseas markets.

'So it was a time and place was part of it. We had some international competition arrived in New Zealand. Not a lot, but there was some internationalisation going on and competition arriving here and probably, as I've said before, I think there just happened to be opportunity offshore, particularly in Australia, there was opportunity at that time, which some of the local vendors hadn't really seized and in some markets they weren't doing a good job of fulfilling. So it was just fortunate timing in that regard.'

Organisational factors

Firm C had limited financial resources. So, Firm C had to make the internationalisation decision carefully.

'Internationalising properly drains cash flow and it is capital intensive, so we always were juggling that. At the time we launched our Australian office we had 25 or 30 staff maybe. We were a small privately-owned Kiwi company. So bankrolling an Australian operation was something we had to think about very, very carefully. You didn't want to undercapitalise it, you didn't want to be struggling for cashflow there. That was certainly a factor in the way we approached it and dictated how we approached the market.'

Strategic factors

The strategic factor of Firm C was achieving the first-mover advantages because the competition in the IT industry is high.

'I think the strategy was being driven on the growing realisation that if we did not internationalise we would be taken out by competitors who were international. You looked at people like Microsoft and Oracle and NSB and

SAP, they were growing and growing and growing in the financial space and they were doing it by buying competitors, Microsoft in particular. Microsoft bought four ERP vendors to form their dynamics team and then they bought a point of sale company, which they ballsed-up, but that's a different story.'

The IT industry should forecast the market in advance.

'Probably the difference for me is that strategically we could see it was going to happen. We could look three, four, five years ahead and you could see what was happening and you could see it would shift to our market and then it would come down to New Zealand and Australia.'

Context

Critical incident

There was no 'critical incident' to trigger Firm C's internationalisation – it was simply a matter of predicting what was going to happen in the IT industry.

'So it wasn't something that had happened, it wasn't I guess a critical incident, it wasn't a thing that happened as an event or an incident that you could say look, that's happened, to counteract it we must do something else. It was far more like the storm clouds on the horizon, you could see it was going to happen and it was building up and it was going to come your way, but at that stage we were looking several years ahead and it was just a case of having to act, be ready, for when it did happen.'

Firm C was able to prepare for the future trends in the IT industry because Firm C attended conferences and exhibitions globally.

'For us critical incidents don't just happen in our market. We are a small world these days so we were spending a lot of time attending conferences and exhibitions globally and in particular the US and the UK, which are the biggest in our sector... Had they done so we would have been competitors, but instead they shared their insights and advice on what was happening in their markets in the US and UK and Europe. So for us we could see these incidents were going to happen. We could see that they were happening in other countries that didn't

affect us and I could see the change that was going on in the retail market in America. It wasn't really affecting New Zealand but because things were changing in the rest of the world one day they had to change here. So you're either a part of them or you're going to get flattened by them.'

Determinants

The extent of Firm C's internationalisation was large.

'Overseas sales. Australia became our biggest market. Over a relatively short number of years Australia grew to be our biggest market. That revenue has sort of sat around 50 per cent, sitting between 40 to 50 per cent quite consistently for a number of years. The challenge we have of course is that goes up and down because some of our deals can be very large so we had a two-million-dollar project in Australia over 12 months.'

The scope of internationalisation was large.

'At one point I think we counted 13 countries that we'd sold into. Some of those were with a partner and one country would sell to a partner who would sell to a customer in a third country, but ourselves, I guess at the peak of our pre-Australia Company internationalisation, we ourselves had offices in Australia but we then operated through business partners in Malaysia, Singapore, Hong Kong, Vietnam, China, Ireland and there's one I'm missing somewhere. I think ourselves we had business partners in about eight countries.'

The speed of internationalisation was slow.

'Our real targeting of Australia was as I say we hired locals in 1999, so at that stage we'd been running in this market for nine years, yes we had some international sales but it was sort of accidental stuff, it wasn't the focus. The real focused internationalisation took place starting in 1999 and by 2002 we were operating either directly or through partners in a number of countries. At that point it became quite compressed but we had nine years of history under our belt.'

Outcomes

Firm C achieved financial growth from the internationalisation.

'Yes financial absolutely. We grew the company, moving into Australia and internationalising around Asia, it roughly doubled our turnover over time and had a huge impact on profitability. It also ultimately... I mean it made our company bigger and more visible, which ultimately led to us being acquired. So there's no trade secrets involved, we were paid about 8 million dollars for our business when we were bought, so we grew from a small New Zealand Company, we took a division of that and sold it for quite a big amount of money in those days. So that was a financial benefit.'

Firm C was naïve because the level of bribery and corruption in some countries are high.

'We were incredibly naïve. The level of bribery and corruption in some countries that we came across, coming from New Zealand you just had no idea that things like that could go on. I think over the years we've obviously learnt a lot and are far more cautious... You don't necessarily get told all of that in the guidebook when you try and read up about a country. It was that kind of business naïveté as to how the local market works and we've seen that in quite a number of countries we've gone into and it has cost us deals.'

Firm C was involved in the internationalisation cycle so Firm C caught the opportunities to meet their partners in the international markets.

'As I said before, serendipity, my partner in Malaysia was recommended, they were recommended to contact me via a firm in New Zealand that they'd been doing business with and they had need in our space and we came recommended to them and they came recommended to us. Same with the partner in China, it was a contact of an Australian business I'd been doing some work with and they recommended us to each other and it sort of worked out. The partner we worked

with originally in Vietnam were an international company that we'd done some work with one of their other subsidiaries in a different market, they recommended us and we got to go in there. So it has very much been luck, being in the right place at the right time, and just recommendations from that extended network.'

Case D

Firm D is a Brewery Company, and the products of Firm D include craft beer and cider. The participant is the general manager of Firm D, and this participant is in charge of exporting the craft beer. So the participant is familiar with the history of Firm D's internationalisation. The following table summarises some details of Firm D.

Firm size	Sector	Internationalisation speed	Brief timeline
Small	Brewing	Rapid	2003: founded 2009-2017: North America, South America, Asia, Europe and Australia

History of internationalisation

Firm D was founded in 2003 and produced premium craft beer in New Zealand. Firm D always had a philosophy that they needed to be good at the New Zealand market before they started to export. In other words, Firm D needed to understand the local market better before they started entering into international markets.

Firm D made the first shipment into the USA in 2009. An opportunity came up for selling beer into the USA and the introduction was made, and a survey of the market was taken. So the decision was made to start exporting to the USA. The firm entered Finland in 2010; Singapore in 2011; China in 2012; Vietnam and Cambodia in 2013; Brazil in 2014, although exporting to Brazil stopped in 2016; Hong Kong, Korea, and Japan in 2015; Taiwan in 2016; and Australia in 2017.

Links to the international entrepreneur model

Antecedents

Firm D had spare capacity in its craft beer for the local market. Also, the market research report claimed that there were the growth trends of craft beer in the US market.

Importantly, the margin was quite attractive at that time. So these were the environmental factors of Firm D's internationalisation.

The organisational factors included the duties of the management team and limited financial resources. With the way that Firm D traded internationally, there was obviously a lot of requirement for senior management to do due diligence and then execute into the market. From the perspective of resources, the financial implications were an extension of working capital to fund the stock until such a time as the firm receives payment, which under the USA example was 90 days after invoice.

New Zealand wine has a good reputation in the United States market. However, New Zealand beer does not have visibility in either the US market or other international markets. So through the contacts that Firm D had in the wine area, the firm was able to talk about their craft beer and the strategic points of difference on their beer to give the customers an attractive, unique selling proposition for the US market. Therefore, these are the strategic factors of Firm D's internationalisation.

Context

The growing demand for craft beer in the international markets and the foreign distributors looking to increase their portfolios were the 'critical incidence' of Firm D's rapid internationalisation. The participant had done all the export business into all of the countries such as the Asian region and the US. The clients from overseas contacted and came to Firm D in a number of ways.

Firm D was approached by various distributors looking to increase their portfolios. There had been a huge increase in the sales and volume of craft beer in the international markets. Therefore, these factors of the 'critical incidence' created more demand at the customer level in various countries, and New Zealand has a good reputation for quality in its beverages. Many of the clients and foreign distributors have come through directly to the participant or even via New Zealand Trade and Enterprise who have contacted Firm D with opportunities.

Determinants

The speed of internationalisation was five years. Firm D spent five years from their first export to the US and then expanded to the international markets rapidly. The export ratio of Firm D is 20%, and this ratio is growing. In other words, Firm D is in the process of rapid internationalisation. Firm D entered 10 countries by the 'critical incidence'.

Outcomes

The outcomes of internationalisation include trading of the brand in New Zealand, being renowned for good water quality and good raw ingredients, but then also the brand story of Firm D being a winemaker's spin on a beer. Also, Firm D does a lot of natural fermentation, secondary fermentation in the bottle giving their products a longer shelf life, which is important when exporting to faraway places and the products last longer and taste better over a period of time.

Findings of case D

Antecedents

Environmental factors

Firm D had spare capacity of their products, and Firm D identified that there was a growth opportunities in foreign markets.

'There was spare capacity and the ability to report some growth to grow the business in that market, plus at the time the margin was quite attractive.'

Organisational factors

The senior management team of Firm D made the managerial and financial decisions, and then the team applied these decisions into the exporting activities.

'With the way that we trade internationally, there was obviously a lot of requirement on senior management to do the due diligence and then execute into the market. However, the financial implications was just an extension of working capital to fund the stock and that will be until as such a time as that you get payment...'

Strategic factors

Firm D used networks to enter the US market. New Zealand wine has a good reputation in the US but New Zealand craft beer did not yet. So Firm D used the network of wine to contact their distributors in the US.

'Strategic factors was New Zealand wine has a good name in the United States. Up until then beer didn't, so through obviously through the contacts that we had in the wine area, we were able to obviously talk about our beer and the strategic points of difference on our beer to give it an attractive, unique selling proposition for the US market.'

Context

Critical incident

The distributors from different countries contacted Firm D because these distributors wanted to import Firm D's products to their countries. These distributors contacted Firm D directly or via New Zealand Trade and Enterprise who had contact with Firm D.

'Yeah, so many of these have sort of come through... so I've done all the export business into all of those countries you've mentioned. They come in a number of ways. We get approached by various distributors looking to increase their portfolios. Globally there's been a very big increase in the sales and volume of craft beer, so therefore that creates more need at a customer level in various countries and New Zealand has a very good reputation for quality and beverage, hence why we received some of those approaches. Many of them have come through directly to me or even via New Zealand Trade and Enterprise who have contacted us with opportunities.'

Determinants

The speed of internationalisation is fast (five years).

'Probably four years, five years until that happened. Five years, yeah.'

The extent of internationalisation is small, but the export rate keeps growing.

'Yeah, so we're about now 80% New Zealand, 20% export and growing but export's growing very quickly at the moment... Yeah, it is. In the last 12 months we've doubled our export to China, for example.'

The scope of internationalisation is large.

'Yes, 10. We've got obviously Australia, China, Hong Kong, Korea, Taiwan, USA, Cambodia, Vietnam. We were in Brazil but that's not happening anymore at the moment.'

Outcomes

The outcome of Firm D's internationalisation is the awareness of Firm D's brand and products.

'Most of it is obviously trading of the brand in New Zealand, being renowned for good water quality and good raw ingredients, but then also Firm D's brand story being a winemaker's spin on a beer.'

Case E

Firm E is an alcoholic beverages firm, and the main product of Firm E is vodka. The participant of case E is the same participant of case D. The participant worked for Firm E before he joined Firm D. The participant was previously sales manager in Firm E, and the participant is familiar with Firm E's history of internationalisation. The following table summarises some detail of Firm E.

Firm size	Sector	Internationalisation speed	Brief timeline
Small	Alcoholic beverages	Rapid	1999: founded 2000-2006: Europe, Asia, North America, Australia 2007: acquisition

History of internationalisation

Firm E was founded in 1999. Firm E first entered the market by retailing through airport duty-free shops, before export to Australia. Firm E entered Australia in 2001 after it identified growth opportunities in the local market. Also, the market in Australia was easy for Firm E at that time to understand as suggested by staged models stressing close physical distance. Firm E exported vodka to the US in 2006, and then Firm E exported their products to Ireland, UK, China, Hong Kong, Canada, and parts of Europe as well. Firm E sold their vodka to these countries and regions from early 2000. Firm E was sold to a Cuban-based spirits company in 2007. The original management team of Firm E left the firm. A new management team was appointed, and then the Cuban spirits company started to broaden the portfolio. The Cuban spirits company introduced the products into their international distribution networks and the products of Firm E were able to be sold more in the global markets to more than 25 countries by the sales channels of the Cuban spirits company.

Links to the international entrepreneur model

Antecedents

The environmental factor of Firm E's internationalisation was the growth opportunities in the global markets. Firm E was successful in the local market, and the firm had the spare capacity to allow it to export. The organisational factor was the sales team of Firm E. Firm E needed a sales team to sell and introduce their products in the international markets, as New Zealand vodka was not famous at that time. According to the environmental and organisational factors, Firm E had to apply growth and branding strategies.

Context

The 'critical incident' of Firm E's rapid internationalisation was marketing strategy and its acquisition by the Cuban company. Firm E made less investment in the marketing, but the brand was well known in America before the acquisition. So the sales of vodka increased and made clients recognise the brand more. After the acquisition, Firm E's vodka was sold to more than 25 countries by the Cuban spirits company's international distribution networks. Firm E was able to increase the sales volume of vodka, but the Cuban spirits company probably did not focus on the brand as much as Firm E had.

Determinants

The speed of Firm E's internationalisation was fast because Firm E spent three years entering more than 25 countries. The scope of the internationalisation was large because the products of Firm E were sold to more than 25 countries. The participant estimated that the export ratio was 70% of the revenue, and the revenue of New Zealand was 30%.

Outcomes

The outcome of the internationalisation is that Firm E had a lot of ambassadors that wanted to tell the story around the world and "take a little bit of a New Zealand story in a bottle and share that." Also, the internationalisation was able to create some edgy marketing that engaged clients for their parent company. These capabilities added to the parent company and increased the financial performance of firm E.

Findings of case E

Antecedents

Environmental factors

Firm E had spare capacity of their products to export, and there were growth opportunities in the international markets.

‘Again, opportunity for a lot more growth and to build the brand and vodka travels well and has a very long shelf life. So there was capacity to export and to grow and to get into the best bars in the world to help push the brand.’

Organisational factors

Firm E hired salespeople to promote their vodka.

‘Again, there was just a requirement for more salespeople in those markets to go and sell and introduce the product to people.’

Strategic factors

The strategy before the acquisition was growth and brand development.

‘Yes, good growth and brand development.’

Context

Critical incident

The critical incident was the acquisition.

‘The original management team sort of moved on and new management came in and then they started to broaden the portfolio. Things change, but that’s always the way that business is when new owners come along...Yeah, my understanding is [Cuban Company] put the product into their international distribution networks and were able to sell more, but they probably just didn’t focus on the brand as much as we had been.’

Determinants

The extent of internationalisation is large.

‘Oh, mate, ... I think it was like 30% New Zealand, 70% exported.’

The speed of internationalisation is fast.

'It probably took two years, two or three years for Firm E to do that. Three years.'

The scope of internationalisation is large.

'Maybe 20 plus, 25 plus.'

Outcomes

Firm E achieved competitive advantage from the internationalisation.

'I think the competitive advantage of Firm E is that it had a lot of ambassadors that wanted to tell the story around the world and take a little bit of a New Zealand story in a bottle and share that, and it was able to create some edgy marketing that engaged people. So that was probably, to my mind, a competitive advantage for Firm E.'

Chapter 5 Discussion

5.1 Discussion of critical incidents

This chapter discusses the findings of the five cases initially in relation to the IE model constructs, and then will identify the themes which emerged from the data analysis. The third part of this chapter will present the summary of the findings, the emergence of the themes, and then propose a revised IE model.

It is generally ambiguous in BAG studies whether the ownership location of the firm that acquires another is significant in the concept. Bell et al. (2001) claimed that change of ownership and acquisition are able to be categorised as critical incidents, and these critical incidents lead to rapid internationalisation. In other words, critical incidents can be takeover by a foreign company. For instance, Bell et al. (2001, p.180) defined a Northern Irish BAG firm that changed their ownership structure in Case A through management buy-out (MBO.) The new owners could be the cases of MBO, firms with international connections or foreign firms. Also, Bell et al. (2001) allow takeover by a foreign firm, competitor or domestic competitor or customer. Case B: Takeover in Bell et al. (2001, p.180) is an example as *“a ‘specialist’ engineering firm in New Zealand established since the early 1970s. Until 1988, it primarily focused on the domestic market, ... In 1988, it was acquired by a US company and expanded rapidly into a number of export markets where the US parent had existing business (including Argentina, Chile and Ireland). It also obtained significant business in the US via the parent company.”*

This case demonstrated that takeoever by an MNE was one way in which a BAG firm internationalised. In this research Cases A, B, C, and E were acquired by foreign MNCs. Cases A, B, and C keep their original management teams, and E changed their management because their parent company sent a new management team. The relationship between the MNCs and the original management teams are clear in this research because Firms A, B, and C remain strategically independent. It is interesting to note that Cases A, B, C, and E access the resources of their parent company, and this suggests that rather than become passive seeking acquisition seems to be a

strategy to obtain resources for internationalisation, and potentially one which, like an MBO, is a deliberate strategy designed by managers to gain access to the resources and capabilities of the new parent company.

5.2 Discussion of IE model

Antecedents

The environmental factors of the IE model claimed that competitive forces and growth opportunities affect a firm's entering international markets. The five firms of the case study entered international markets because they identified growth opportunities in the international markets. However, there were not high levels of competition in the New Zealand market.

'We had some international competition arrived in New Zealand. Not a lot, but there was some internationalisation going on and competition arriving here and probably, as I've said before, I think there just happened to be opportunity offshore...'

These five firms are the success in the local market, and they have the good reputation in New Zealand. All of the participants claimed that New Zealand is a relatively small market. So the firms have to enter international markets to extend their business.

The organisational factors of the IE model claimed that top management team (TMT) characteristics and firms' resources affect a firm entering international markets. TMT of these five firms decided to enter international markets. The partner of Firm A made the internationalisation decision by his intuition. All of the five firms have sufficient financial resources to consider an initial investment in the international markets because of their success in New Zealand. However, these five firms have to make the internationalisation decision wisely because these firms try to lower the risks of international investment and they had limited resources.

'So bankrolling an Australian operation was something we had to think about very, very carefully. You didn't want to undercapitalise it, you didn't want to be

struggling for cashflow there. That was certainly a factor in the way we approached it and dictated how we approached the market.'

The strategic factors of the IE model claimed that differential strategy, functional strategy, and entry strategy affect a firm entering international markets. The five firms of the case study did not use differentiation strategy because there was less competition in the local market. However, the participants of these five firms claimed that they identified growth opportunities in the international markets, but their competitors in New Zealand did not identify these opportunities at that time. Moreover, all of the five firms used functional strategy to enter international markets, and these firms aim to grow their business in the international markets. The participants of Firm B and Firm E indicated that the pre-owner of these two firms aimed to build a successful brand, and then sold this successful brand to the large multinational company. Furthermore, the five firms used networks to enter the international market. Firm A had partners in their target countries. Firm B and Firm E's products were sold to international markets by the multinational company's sales channel and sales team. Firm C and Firm D met their distributors and partners in the conference or through New Zealand Trade and Enterprise.

The strategy factors of the IE model did not mention first-mover advantage. The participant of Firm C indicated that Firm C used first-mover advantage strategy in their internationalisation process.

'I think the strategy was being driven on the growing realisation that if we did not internationalise we would be taken out by competitors who were international...Probably the difference for me is that strategically we could see it was going to happen. We could look three, four, five years ahead and you could see what was happening and you could see it would shift to our market and then it would come down to New Zealand and Australia.'

As Firm C is a technology firm in the IT industry, the first-mover advantage is able to ensure Firm C's survival from the international competition.

Context

The IE model claimed that CEO change and client going abroad are the critical incidents of rapid internationalisation. The critical incidents of the five firms were not all included in the IE model. The critical incident of case A was a strategic alliance and Firm A acquired an office in Australia. The critical incident of cases B and E was acquisition by the multinational firms. There was no critical incident for case C's rapid internationalisation. The critical incident of Firm D's rapid internationalisation was growing demand for craft beer in the international markets (opportunity recognition).

The previous studies showed that the internationalisation of BAG firms was passive because the domestic market of BAG firms was large enough for the firms to grow. So these firms did not need to enter international markets. However, the findings of New Zealand BAG firms showed that New Zealand BAG firms were proactive because the domestic market was relatively small.

'If all we did in New Zealand was make the grass I would turn my factory on Monday morning and finish Monday afternoon because there's just not enough tennis courts, there's not enough hockey fields. That doesn't make a business, the market is too small, there's only four and a half million people. So we make the grass but we also build the tennis court for you, the customer, and then once you've got your tennis court we also sign you up and we maintain it afterwards.'

Also, the previous studies showed that the BAGs firms were able to enter international markets in the early stage, but these firms did not enter international markets. However, New Zealand BAGs firms entered the international market at the right timing. These firms are late to internationalisation because they spent a long time to expand in the domestic market.

'Because it was literally less than ten years, so in 1981 it started from nothing and as it grew it had so much demand in the New Zealand market selling its

products it didn't need to look overseas. It was a brand-new company, small, starting up, and it was just satisfying the local demand.'

When these New Zealand BAG firms had sufficient resources, they were looking for the international markets.

Determinants

Determinants refer to the international process of a company. The IE model used extent, speed and scope to examine the international process of a company. The findings of the five cases showed that the determinants of each firm were different. For example, case A has a small extent (export ratios) of internationalisation. The speed of internationalisation was slow, and the scope of internationalisation was small. Case B has a large extent. The speed of internationalisation was fast, and the scope of internationalisation was large. Although the international process of the five cases is different, the three determinants of the IE model are able to reflect the international process of BAG firms. The international process of the five cases is an ongoing process because some firms' products are selling to more international markets.

'Yeah, so we're about now 80% New Zealand, 20% export and growing but export's growing very quickly at the moment.'

Outcomes

According to the IE model, the outcome of internationalisation is a competitive advantage, and the competitive advantage includes financial outcomes as well as non-financial outcomes. All of the five cases increased their revenue from the international markets, and then these firms had more assets to invest in the New Zealand market. Also, the non-financial outcome was reputation. These five firms gained a good reputation from international markets. However, the experience of internationalisation is not included in the IE model. All of the five firms gained experience from the internationalisation, and then the internationalisation experience

enhances their competitive advantage in the New Zealand market. The participant of Firm C claimed that:

'We grew to a point here where we were quite successful and we were winning business in New Zealand and doing quite well. We won some significant business overseas because of that, so some work we'd done here attracted attention in Australia and that won us a big deal in Australia. That big deal in Australia consequently generated a lot of publicity in New Zealand which won us a lot more business. So it sort of became a growth loop if you like.'

The participants mentioned that New Zealand firms are naïve in the international markets.

'Well we just expect the best from everybody and so perhaps we don't put enough rigour around contracts and we don't perhaps research things enough because we take people at face value because that's the way that we operate here, whereas in other markets you wouldn't do that.'

'You have to be a little bit more selective and a little bit more cautious. We were incredibly naïve. The level of bribery and corruption in some countries that we came across, coming from New Zealand you just had no idea that things like that could go on. I think over the years we've obviously learnt a lot and are far more cautious.'

Moreover, the participants learned that it is difficult to control the products or services quality in the international markets.

'Perhaps we could have set up our own firm there or we could have... I mean I'm not sure on the laws, I think at the time we wouldn't have been able to buy a firm that existed there, but that would have meant that we had total control over the Hong Kong operation, whereas all that we did is we set up an alliance, which meant that there was an arrangement between an existing Hong Kong firm and us. So we couldn't really control the quality or the market positioning of that.'

'It's tough to keep that one set of values when you're global, really tough, and very tough if you're running the company because you're just constantly travelling trying to keep everybody focused on those common values. So it makes it tough but I would say there's far more benefit than disadvantage to being international.'

Furthermore, the international path of BAG firms is not smooth because Firm A closes their two international offices.

'So then probably several years later we had a new chief executive who didn't see the potential of the relationship and who had just seen the cost of the relationship and so he shut it (Hong Kong office) down.'

'So yes it (Australia office) did grow quickly but we then realised at about the end of... middle of 2016, that there were some very serious quality issues and that our assumption that by getting our new office to be led by someone who had originally come from the firm, that that would guarantee standards, we realised that that hadn't happened. There were some quite big risks around the work that was being done in that office.'

Firm D stopped exporting their craft beer to Brazil.

'Yes, we were there for a couple of years. We were selling into Brazil for a couple of years.'

5.3 Updated of IE model

This section introduces the three steps to update the IE model. The first step summarises the first section of this chapter (table 6). The second step presents the emergence of the themes (table 7). The last step will present the updated IE model (Figure 3).

Table 6: summaries the findings of the five cases

	Case A	Case B	Case C	Case D	Case E
Antecedents	Same as IE model.	Same as IE model, but less competition in NZ market.	Same as the IE model, but Firm C used first-mover advantage strategy.	Same as IE model.	Same as IE model.
Context	Strategic alliance	Acquisition	No critical incident	Growing demand in the overseas markets	Acquisition
Determinants	Slow	Rapid	Rapid	Slow but increasing	Rapid
Outcomes	Same as IE model and the firm learn experience from the internationalisation.	Same as IE model and the firm learn experience from the internationalisation.	Same as IE model and the firm learn experience from the internationalisation.	Same as IE model and the firm learn experience from the internationalisation.	Same as IE model and the firm learn experience from the internationalisation.

Table 6 emerged from cross-case analysis. The themes of the IE model, similarities and differences of the cases findings were analysed by cross-case analysis. The same themes from the IE model should be kept in the updated IE model, and the differences of the findings were classified as emergent themes of the updated model.

The environmental, organisational, and strategic factors of the research findings are the same as the IE model, but there is less competition in the New Zealand market. Also, the IE model did not include first-mover advantage in the strategic factors. Therefore, intensity of competition should be added to the environmental factors, and first-mover advantage should be added to the strategic factors. The critical incidents of findings are different from the IE model, and these critical incidents of New Zealand BAG firms could be added into the context of the IE model. The IE model

used extent, speed and scope as determinants to evaluate the international entrepreneurship, and the IE model did not mention that international entrepreneurship is an ongoing process. The IE model classified competitive advantages as the outcomes of internationalisation, but the findings of this research showed that BAG firms gained experience from the internationalisation process. As a result, these BAG firms gained their competitive advantages, and then these New Zealand BAG firms are superior to their domestic competitors. Therefore, internationalisation experience was added into the updated IE model, and internationalisation experience has a direct link with competitive advantages as well as the determinants.

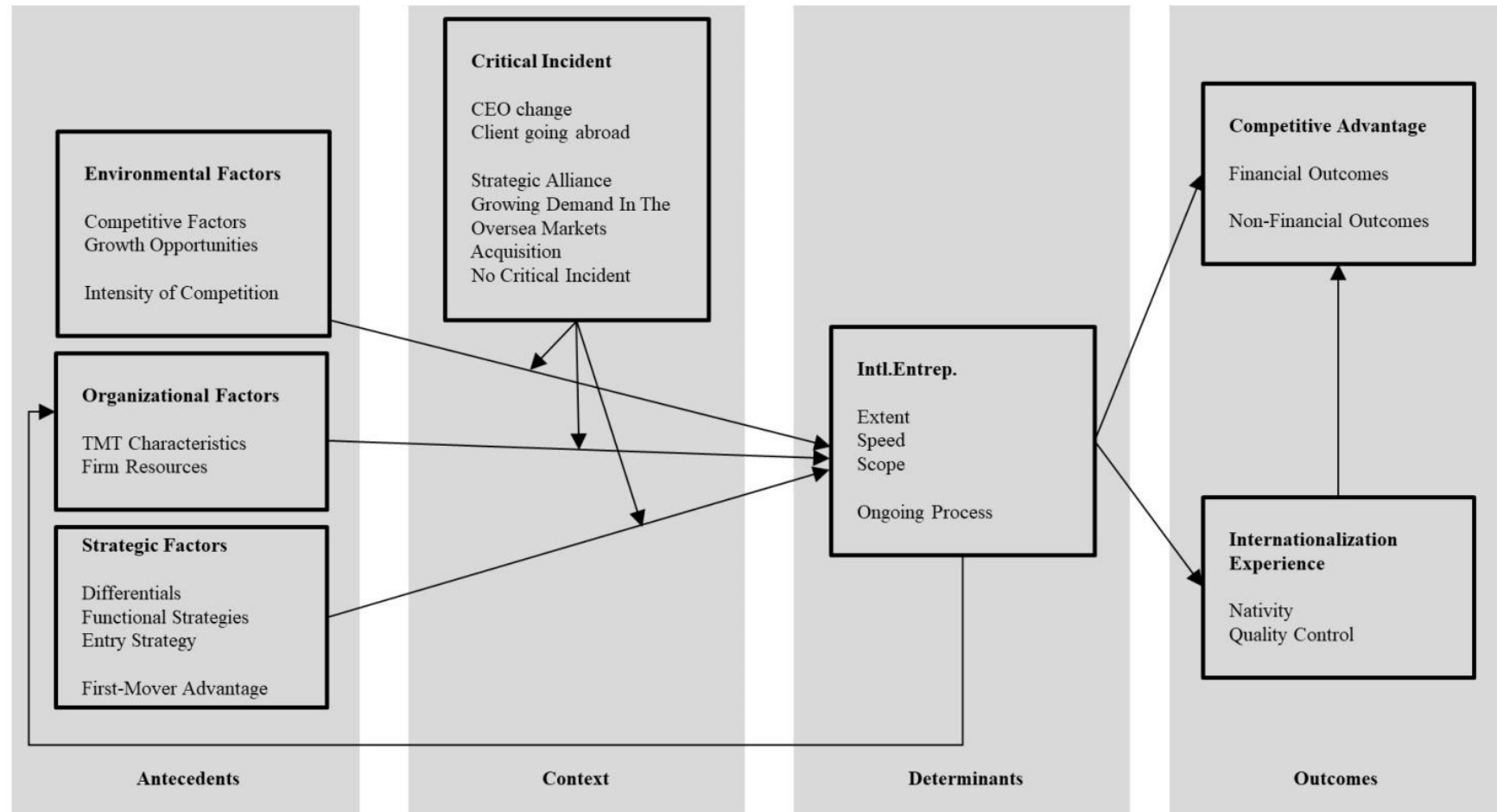
The following table 7 emerged from the findings and discussion, and the themes in the table 7 will be revised into the IE model as additional constructs.

Table 7: emergence of the IE model

Antecedents	Context	Determinants	Outcomes
Environmental factors: intensity of competition Strategic factors: first-mover advantage	Critical incident: 1. strategic alliance 2. growing demand in the oversea markets 3. acquisition 4. no critical incident	The determinants are changing because the internationalisation is an ongoing process.	Experience of internationalisation: 1. na řvety 2. quality control

Table 6 and 7 discuss the emergent themes of the IE model, and then add these themes into the IE model. A revised IE model is presented in Figure 3.

Figure 3: the updated IE model



Chapter 6 Conclusions

This chapter is organised as follows. Firstly, the answers to the research questions will be examined; secondly, a reflection linking conclusions to the literature review will be given; thirdly, the study's contributions to theory, practice, and policy will be examined; fourthly, the limitations of this study and the opportunities for future research will be stated.

6.1 Answers to the research questions

1. Why did New Zealand BAGs enter international markets late?

New Zealand BAGs entered international markets late because they initially focused on the domestic market, and entered the international markets when they judged the timing correct. In other words, New Zealand BAGs expanded their business in the local market before internationalisation, and then the success from expanding in the local market provided the financial resources to enter the international markets. The firms' domestic success enabled them to accumulate enough resources to enter international markets. In some cases the move to rapid internationalisation was caused by the injection of capital or access to distribution networks after acquisition by MNEs. The firms were aware of international opportunities through their networks even when they lacked the resources to internationalise.

2. What were the antecedents (environment, organisational, strategic factors) affecting the BAGs' entry into international markets?

The antecedents have the positive effect of the BAGs entering international markets. The findings showed that the New Zealand firms are positively looking for growth opportunities in the international markets because the domestic market is smaller than the international markets. This is different from the previous literature, which has suggested that BAG firms are reactive (Bell et al, 2003).

3. What was the ‘critical incident’ of rapid internationalisation?

The ‘critical incident’ of rapid internationalisation is varied. The findings showed that the nature of a particular industry may affect the ‘critical incident’; for example, there was no ‘critical incident’ for the IT industry. According to the participant of Firm C, the IT industry has to achieve the first-mover advantage in the international market. In other words, the firm in the IT industry faces pressures to internationalise rapidly. Moreover, the participant of Firm A claimed that Firm A had to use the strategic alliance to enter Hong Kong because the legal system in Hong Kong forbade a foreign firm acquiring a firm in Hong Kong at that time. Therefore, the ‘critical incident’ was different from indications in the previous literature, and emphasises the need to examine institutional and sectoral contexts in more depth. However, the manufacturing industry, for instance, Firm B and Firm E, is in line with the previous literature because the ‘critical incident’ of rapid internationalisation was the acquisition. Acquisition by an MNE was also a critical incident, and although this had been identified clearly in previous studies, the issues related to this have not been previously explored. In this study there is evidence that BAGs may strategically seek acquisition to obtain access to resources, and in particular international networks and markets. In cases where they have a strong competitive advantage they could potentially retain their original management team and identity.

4. How did the New Zealand BAGs enter or select the international markets?

New Zealand BAG firms used their network to enter international markets, and this is in line with the entry modes of BAGs from the literature review. Also, New Zealand Trade and Enterprise helped some of the firms to contact their distributors in the international markets.

5. What was the internationalisation process (extent, scope, speed)?

Cases B, C, and E matched the previous literature because they had large extent and scope, and the speed of internationalisation was fast. In other words, these three firms had large export ratio (more than 50%), entered more than 10 countries, and internationalised within 5 years. However, case A is different because the internationalisation process was slow. Also, the extent, scope and speed were small because Firm A is a patent law firm, and because the legal systems in different countries are varied.

6. What were the outcomes of the internationalisation?

New Zealand BAG firms earned reputation and learned experience from internationalisation. The large, resource-seeking multinational companies in Cases B, C, and E acquired these BAG firms because the firms in Cases B, C, and E had good reputations and successful experience in the international markets. Therefore, these factors make New Zealand firms in the cases with valuable resources more attractive as acquisitions.

6.2 Conclusions

This thesis discussed the literature of internationalisation strategy, SMEs internationalisation, BGs, the international entrepreneurship model, and BAGs. The research questions emerged from the literature review, and the qualitative research method is able to answer the research questions. This thesis presented the findings of the research, and then discussed the difference between previous research and the research findings.

Reflection of literature review (table 2 see page 26)

This section will review the finding with reference to the body of knowledge on BAG firms as outlined in the summary table (table 2, p.26.) The findings of this research support the finding that BAG firms enter international markets later in their lifecycle and the findings of cases A, B, D, and E support the finding that a 'critical incident' triggered the rapid internationalisation. Also, the findings of this research support Schueffel, Baldegger, and Amann, and Kontinen and Ojala's findings because the New Zealand firms export their innovative manufactured products, and these firms had the characteristics of innovativeness, preparation, adaptability, and openness.

Bell, McNaughton, and Young, Kontinen and Ojala, Scott-Kennel, and Schueffel, Baldegger, and Amann claimed that 1) networks are critical for the firms to enter international markets; 2) the clients move to the international market, and then these BAG firms follow their clients into the international markets; 3) 'critical incidents' lead to rapid internationalisation or deinternationalisation. The findings of this study support their literature because 1) all of the five cases used networks to enter or select the export countries; 2) all of the five firms identified growth opportunities in the international markets because the clients moved to the international market; 3) 'critical incidents' lead to rapid internationalisation or deinternationalisation. However, whilst Bell et al, (2003) claimed that the BAG firms are reactive (see figure 1) the findings showed that New Zealand BAG firms are proactive. Bell et al, (2003) also claimed that the finance of BAGs is capital injection by 'parent' refinancing by MBO. The findings of this research support Bell et al's research in some cases, but some New Zealand BAG firms also self-finance via their success in the domestic market because they are successful in the local market. In addition, the findings of this research support that the information communication technologies (ICT) such as the social networks have positive effects on the BAGs sudden and rapid internationalisation (Bell, McNaughton, Young, & Crick, 2003).

According to the summary of the previous literature, all of the BAG firms are successful in international markets because the revenue from the international markets is more than 25%. However, the findings of this research differ from the previous research. As mentioned, two of the New Zealand BAG firms closed their overseas offices or stopped exporting to one country. So, some of the BAG firms may have obstacles in their internationalisation process. Although Bell, McNaughton, and Young (2001) indicated that deinternationalisation refers to SMEs targeting the domestic market because of trading barriers abroad, the reasons New Zealand BAGs exited international markets were not trading barriers abroad. In addition, the findings of cases B, C, and E showed that the revenue from the international markets is more than 50% because New Zealand is a relatively small market.

Cases A, B, C, and E follow Scott-Kennel's 'transformational' strategy, and these firms had internationalisation experience before the acquisition. However, Scott-Kennel's research didn't explain why these New Zealand firms entered international markets before the 'critical incident'. This research found that New Zealand firms enter the international market before the 'critical incident' as the New Zealand market is relatively small, and small-scale internationalisation may help these firms achieve competitive advantage. However, there are two findings different from Scott-Kennel's research. Case A closed their offices in Hong Kong and Australia, and case D stopped exporting their products to Brazil. Therefore, the internationalisation path is not smooth, and this finding extends Scott-Kennel's research.

The following points are able to be added into the literature (table 2):

- New Zealand BAG firms have internationalisation experience before the 'critical incident' because the domestic market is relatively small. Also, the successful internationalisation experience of these NZ BAG firms attracted the attention of

the resource-seeking multinational companies, and then the successful experience leads to the acquisition.

- The internationalisation path of BAG firms is not smooth, because there are some obstacles in the international markets. Additionally, it is difficult to control the service quality in the international markets.
- The revenue from the international markets of New Zealand BAG firms is more than 50% because the New Zealand market is relatively small.

Contribution to theory

Rethinking research on BAGs

Coviello (2015) and others have recently been rethinking the research on BG firms. The research of BAGs also needs a rethink; for instance, Firm A is BAG firm, but does Firm A fit into the definition of rapid internationalisation? The existing literature is broadly able to explain the New Zealand BAG firms, although extending this study to legal and other services revealed some sectoral differences. For example, Firm A is an intellectual property legal firm, and the legal system reflects different national conditions and institutions, often subject to regulations on international ownership in some countries. Obviously, the criteria that define a firm's rapid internationalisation process are not wholly adequate to define the firm in the patent law industry. Further research should look at more industries such as the service industry. In addition, the international commitment of New Zealand BAG firms was larger than previous research suggested. The previous findings showed that the extent (export ratio) of BAG firms was more than 25%, but the New Zealand findings showed that the extent was often more than 60%, because New Zealand has a small market and the revenue from the international markets grew rapidly.

It is interesting to consider the cases where BAGs are acquired by MNCs, the consequences of which are ambiguous in the previous literature. This thesis adopted

the critical incidents of Bell et al. (2001), and the critical incidents of this thesis include acquisition and change of ownership. Moreover, many management teams of SMEs lost their direction because the new management team of MNEs replaced the previous management team. In other words, these SMEs are replaced in the acquisition. However, New Zealand BAGs effectively reversed the acquisition because these BAGs used the network of MNEs to enter international markets. Perhaps, this reverse takeover action could be viewed as a purposeful strategy. Furthermore, New Zealand BAGs used resources and assets, which were provided by the MNEs to achieve competitive advantages in the domestic market. This area needs further research.

Although this study has clarified BAG definitions, future BAG studies could set standard criteria for the definition of BAGs as current literature still has unclear definitions of BAGs in the area of acquisitions and takeovers.

Contributions to practice

The practitioners or managers should have the entrepreneurial mindset, and they should prepare for growth in the international markets because the New Zealand market is relatively small. Moreover, the practitioners or managers should select the market wisely because the resources of the SMEs are limited. Furthermore, the practitioners or managers of New Zealand SME firms should notice that Kiwi businesses could be 'naïve' in the international markets. In other words, whilst trust in partners is important for an international business relationship, very rapid internationalisation may 'leapfrog' the trust-building process and may lead to misunderstanding or even failure of the business. In addition, it is difficult to control the service quality in different countries. The managers or practitioners should consider strategies for controlling the service quality in the international markets and the modes of operation more fully.

Contribution to policy

The thesis suggests that policy makers in New Zealand and government agencies designed to support internationalisation such as New Zealand Trade and Enterprise be able to address further issues of naivety towards international markets identified by the New Zealand SMEs in the sample. The findings of this research showed that New Zealand BAG firms are naïve in the international business as they still lack adequate knowledge on local institutions and voids, including issues such a culture of bribery and corruption in some countries, and the New Zealand firms are too quick to trust their partners in the international markets without adequate experience of preparation. As mentioned, the ‘leapfrogging’ of the trust-building process in a rapid internationalisation market may lead to service quality issues.

The New Zealand policymakers could intensify the work to identify overseas opportunities for the New Zealand SME businesses to be able to prepare to enter international markets in the early stage. Additional information on international markets may help New Zealand firms to select their export countries more effectively.

The limitations of this study and the opportunities for future research

The conclusions of the study are bounded by some limitations. The study only included five cases, which limits the generalisability of the results. Also, the research was limited to the New Zealand context. Additionally, the sectors of the industries were a mix. Whilst this gave a good overview of several firms and suggested that sectoral differences could be important, more work would be needed to be undertaken to establish whether the firms were representative of each sector. Rather than draw conclusions on the definitions and debates on BAGs, this research suggested a future avenue of BAGs research.

Future research could investigate a larger sample of BAGs, and additional quantitative research would be able to investigate the general characteristics of BAG firms. The revised model proposed in this thesis could serve as a basis for this. Moreover, future

research could involve samples from different countries and regions, for example, the research of BAG firms in Asian countries is missing. Furthermore, future research could rethink the concept of the BAGs in light of emerging debates on BGs.

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Appendix A: list of the selected firms

Firms	Size	Sector	Model	Speed	Location
Firm A	Medium	Law consultancy	BAGs	Slow	Auckland
Firm C	Small	Software: POS systems	BAGs	Slow	Auckland
Firm 1	Medium	Beverages: Fruit juices	BAGs	Rapid	Auckland
Firm 2	Small	Information Technology	Export	N/A	Auckland
Firm E	Small	Alcoholic Beverages: Vodka	BAGs	Rapid	N/A
Firm 3	N/A	Pharmaceutical	Export	N/A	Auckland
Firm 4	Small	Tourism	N/A	Rapid	Auckland
Firm 5	Small	Technology	Traditional	Slow	Auckland
Firm 6	Small	Photographic Services	BGs	Rapid	Queenstown
Firm 7	Small	Minting	Export	N/A	Auckland
Firm 8	Small	Dairy	Export	Rapid	Auckland
12. Firm 9	Small	Software	BGs	Rapid	Auckland
13. Firm 10	Large	Healthcare	BGs	Rapid	Auckland

14. Firm 11	Large	Translation services	BGs	Rapid	Auckland
15. Firm 12	Large	Foods	Export	N/A	Auckland
16. Firm B	Small	Manufacture: Synthetic turf	BAGs	Slow	Auckland
17. Firm 13	Small	Software	BGs	Rapid	Auckland
18. Firm D	Small	Brewing	BAGs	Rapid	Auckland

Note: the selected firms are anonymous because of the research ethic (EA 1).

Appendix B: Information sheet, consent form, and interview questions

Participant Information Sheet

Date Information Sheet Produced:

13 June 2017

Project Title

An investigation of the critical incidents and motivations for some New Zealand firms to become born-again globals: an international entrepreneurship approach

An Invitation

My name is Yang Yu Tao, and I would like to invite you to participate in this research which aims to better understand how New Zealand firms internationalize. I am an international student at AUT Business School on the Master of Business program. I am conducting research to understand the internationalization behaviour of New Zealand firms which have internationalized after having remained mainly in the domestic market previously, the so-called born-again global strategy.

What is the purpose of this research?

This research aims to shed light on how New Zealand-based firms internationalize. In particular as to why some firms decide to do this later, and what were the reasons for this. The research aims to extend our understanding of firms, which may be of relevance to policy and academia.

This research will help the academic community by examining a little-understood topic, and by extending the International entrepreneurship model to understood born-again global firm behaviour. This research will enable me to complete my MBus thesis.

How was I identified and why am I being invited to participate in this research?

According to the definition of born-again globals from the literature, your company has the similar characteristics of born-again global firm. The firm has been identified from consulting public sources. You have been contacted as you may be in a position with an overview of the firm's history and decision to internationalize.

How do I agree to participate in this research?

Your participation in this research is voluntary (it is your choice) and whether or not you choose to participate will neither advantage nor disadvantage you. You are able to withdraw from the study at any time until the end of data collection. If you choose to

withdraw from the study, then you will be offered the choice between having any data that is identifiable as belonging to you removed or allowing it to continue to be used. However, once the findings have been produced, removal of your data may not be possible.

You need to complete a Consent Form. I will bring this form to you, and you may spend two minutes to complete this form before the interview. The interview can be at your workplace, although if you would prefer you would be welcome to visit the AUT Business School.

What will happen in this research?

The research project involves data collection and analysis of the data. This interview process is the data collection process. In the interview, your answers of the questions will help me to find out the research questions.

What are the discomforts and risks?

Firms and respondents will be anonymised in the research. The research questions will ask about the firm's history of internationalization.

What are the benefits?

This research will help the academic community to extending the International entrepreneurship model, and help policy makers understand the behaviour of NZ firms entering international markets. Also, this research will help me to achieve this degree. Your participation will help me to complete this my MBus degree.

How will my privacy be protected?

Your personal details will not be identified in the research report. Company names will be anonymised. It is not thought that the disclosure of any sensitive commercial information will be required for the research as we are seeking to understand why the firm took certain decisions in the past. You will be given the opportunity to review and alter any transcript of your interview, including the removal of any information which you deem sensitive.

What are the costs of participating in this research?

The interview will last from 30 to 60 minutes.

What opportunity do I have to consider this invitation?

Two weeks.

Will I receive feedback on the results of this research?

If you indicate on the consent form that you would like a summary of the research findings, I will send these to you.

What do I do if I have concerns about this research?

Any concerns regarding the nature of this project should be notified in the first instance to the Project Supervisor, Dr Simon Mowatt, simon.mowatt@aut.ac.nz, 09 921 9999 x5424.

Concerns regarding the conduct of the research should be notified to the Executive Secretary of AUTECH, Kate O'Connor, ethics@aut.ac.nz, 921 9999 ext 6038.

Whom do I contact for further information about this research?

Please keep this Information Sheet and a copy of the Consent Form for your future reference. You are also able to contact the research team as follows:

Researcher Contact Details:

Name: Yang Yu Tao

Email: 68087444@qq.com

Project Supervisor Contact Details:

Name: Simon Mowatt

Email: simon.mowatt@aut.ac.nz

Approved by the Auckland University of Technology Ethics Committee on 09 October 2017, AUTECH Reference number 17/260.

Consent Form

Project title: Master of business (thesis)

Project Supervisor: Simon Mowatt

Researcher: Yang Yu Tao

- ☐ I have read and understood the information provided about this research project in the Information Sheet dated dd mmmm yyyy.
- ☐ I have had an opportunity to ask questions and to have them answered.
- ☐ I understand that notes will be taken during the interviews and that they will also be audio-taped and transcribed.
- ☐ I understand that taking part in this study is voluntary (my choice) and that I may withdraw from the study at any time without being disadvantaged in any way.
- ☐ I understand that if I withdraw from the study then I will be offered the choice between having any data that is identifiable as belonging to me removed or allowing it to continue to be used. However, once the findings have been produced, removal of my data may not be possible.
- ☐ I agree to take part in this research.
- ☐ I wish to receive a summary of the research findings (please tick one): Yes ☐ No ☐

Participant's

signature:

.....
.....

Participant's

name:

.....
.....

Participant's Contact Details (if appropriate):

.....
.....
.....
.....

Date:

Approved by the Auckland University of Technology Ethics Committee on 09 October 2017, AUTECH Reference number 17/260

Note: The Participant should retain a copy of this form.

Interview questions

Part A: Basic information

- When does the company enter international market?
- Why does the company enter international market? What happened?
- Why didn't enter international market early?

Part B: Antecedents

- What were the environmental factors affect the company to enter international market?
- What were the organizational factors?
- What were the strategic factors?

Part C: Context

- What was the critical incident, such as acquisition, CEO change?

Part D: Determinants

- What was the speed (years) of the internationalization process?
- What was the extent (export ratio) of the internationalization process?
- What was the scope (countries) of the internationalization process?

Part E: Outcomes

- What were the competitive advantages of the company achieve from the internationalization?