The Internationalization Process of Gebrüder Rensing GmbH & Co. KG – A Design Oriented Approach

Master Thesis Business Administration

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Management summary

Introduction

The internationalization of a firm is one of the most researched topics of international marketing since the past decades. The factors which are causing internationalization and the internationalization process of a firm are the two main streams in the literature. The Innovation-Model (I-Model) and the Uppsala Internationalization Model (U-Model) are the first models which conceptualized internationalization. These models are both introduced in the nineteen-seventies. The internationalization process of a firm is nowadays still discussed. The main goal of this study is to identify how an organization such as Rensing should internationalize its businesses. The main research question is defined as: *How should (a firm with the characteristics of) Gebrüder Rensing GmbH & Co. KG internationalize its business and what are the key elements of this firms internationalization process?* The main goal is to identify how an organization such as Rensing should internationalize its businesses.

Methods

This study dealt with a practical business problem, and therefore the regulative cycle has been used. Design science has been used to tackle the field problem of the organization under study. The goal of design science is to develop valid general knowledge to solve field problems (Aken & Romme, 2009). General here means that it is not a specific solution, but a general solution for a type of problem. For this study it means that the presented solution design is not only applicable for Rensing, but also for the same type of organizations operating under the same conditions. The purpose of this thesis is to implement the double hurdles of rigor and relevance. In other words, the outcome should not only add something to the literature, but should also be relevant for practitioners in the field. The data is gathered through two interview rounds. The first interviews were exploratory to get a better understanding of the problem. Additional interviews have been conducted to verify the research results, in this case to verify the solution design.

Theory

A considerable body of literature about the internationalization process of a firm is available in the literature. Two early, but still influential, models about the internationalization process of a firm are the U-Model and the I-Model. Both models are labeled as stage approaches. Though, there are several other approaches which (partially) explain the internationalization process, such as learning approaches, contingency approaches, the network perspective, and born global approaches. All approaches contribute to the understanding of the process, but these are not dynamic models which fully explain the internationalization process.

Solution design

A multiple approach model has been developed to explain the internationalization process of an organization such as Rensing. Internationalization is explained as a stepwise and planned process, but also explained as a result of unplanned circumstances. The learning approach and the network perspective are underlying assumptions of the developed solution design. These two approaches play a crucial role in the recognition of opportunities and in gaining knowledge. The solution design is presented as a cycle with logical following steps, whereby the internationalization process of a firm is seen as a never-ending dynamic process. An organization does not have to follow the complete cycle of events before starting with additional foreign activities.

Discussion of the findings

Insufficient foreign market development has been identified as the research problem. Multiple internal and external problems have been identified during this research. All problems are mentioned in the available literature, and suggestions to overcome these problems are presented as well. There are multiple approaches in the literature which explain the internationalization process. Though, these approaches only partially explain the internationalization process and are not necessarily practical relevant for practitioners in the field. An integrated model which combines multiple approaches to describe the internationalization process is not available in the literature yet.

Limitations

Internationalization is a process that occurs over time. However, due to time constraints it was not possible to conduct a longitudinal study. An additional research limitation is the usage of interviews as data collection method. Biases such as interviewer and interviewee bias are threats which might have occurred as a result of using this method. At last, using a non-probability sampling technique can be seen as a limitation.

Acknowledgements

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First of all, I would like to thank Marc Terwege, the owner of Gebrüder Rensing GmbH & Co. KG, for giving me the opportunity to conduct my thesis at the company. Having the opportunity to choose an interesting subject for both, the company and myself was really helpful. Furthermore, I really appreciate that everybody within the organization helped me during my master thesis project. Special thanks go to all the employees who helped me, and to the interview participants.

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Niels Meulenbrugge

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Chapter 1: Introduction

The internationalization of a firm is one of the most researched topics of international marketing since the past thirty years (Fletcher, 2001). There are two main streams of internationalization research. On the one hand, research focuses on the factors which are causing internationalization. On the other hand, the internationalization *process* of a firm is researched. The two most cited definitions of internationalization in business research are as follows: "*internationalization is the process of increasing involvement in international operations*" (Welch & Luostarinen, 1988) and "*internationalization is the process by which firms both increase their awareness of the direct and the indirect influence of international transactions on their future, and established and conduct transactions with other countries*" (Beamish, 1990). Thus, in other words the internationalization process of a firm can be defined as the process of increasing involvement in international operations including the increase of international awareness and international transactions.

The first models which conceptualized internationalization were introduced in the nineteen-seventies. These were the so called Innovation-Model (I-Model) and the Uppsala Internationalization Model (U-Model). The I-Model can be classified as a stage approach and is often cited in internationalization literature. The U-Model instead, explains the characteristics of the internationalization process of the firm (Johanson & Vahlne, 2009). Traditional models of internationalization can be distinguished in three approaches: stages approaches, learning approaches and contingency approaches. However, it is argued that these models do not adequately describe the internationalization process in a global environment (Fletcher, 2008). This is mainly because of the fact that internationalization is also affected by environmental changes. Thus, environmental changes should be taken in consideration as well, according to Fletcher (2008) and a more holistic approach is required. Whereby it is, for instance, important to recognize that firms do not only internationalize from outward-driven activities, but also from inward-driven activities.

Geographic expansion is one of the most important paths for firm's growth, and is particularly important for small-and-medium-sized enterprises which business activities are geographically confined (Lu & Beamish, 2001). These strategies and related activities are associated with new opportunities, problems and challenges. The problems and challenges are for instance caused by differences in the market-, political- and economic-dimensions between home and host countries. Furthermore, one of the main challenges is to gain new knowledge and capabilities.

Main research question and goal

The main research question is defined as: *How should (a firm with the characteristics of) Gebrüder Rensing GmbH & Co. KG internationalize its business and what are the key elements of this firm's internationalization process?*

The main goal of this research is to identify how an organization such as Rensing should internationalize its businesses. Furthermore, this research will outline the key elements of Rensing's internationalization process. The outcome should be valuable for organizations such as Rensing. This indicates that findings are generalizable to other, more or less, similar organizations. In other words, the outcome is not a specific solution for a specific situation (e.g. the internationalization process of Rensing), but a general solution for a type of problem (e.g. the internationalization process of SME's) (Aken, 2005). It should be addressed that the outcome of the research is only applicable for organizations with the same characteristics as Rensing. The outcome should be scientific and practical relevant, and therefore a design oriented research is conducted. Welch and Mäntymäki (2013) state that '*how*' questions still provide much scope for future research concerning the topic of internationalization.

Theoretical and managerial implications

An important issue is bridging the gap between rigor and relevance. Welch and Mäntymäki (2013) argue that case based studies where qualitative methods are used provide an opportunity to obtain both, retrospective and real-time insights. An advantage of doing design oriented research is that the design propositions can be proposed to be developed further, but it is also possible to uncover gaps in existing literature. The managerial implications of this research will be the most valuable for the company Rensing. However, as mentioned before, results and recommendations might also be valuable for managers in similar companies.

The outline of the thesis is as following: this chapter has described the research problem and goals. The second chapter discusses the research methodology which is used and will provide more insights about design oriented research. Chapter three focuses on the problem definition and the analysis and diagnosis. Chapter four encompasses with the theory bases investigation of the BPS project. Chapter five deals with the plan of action and the evaluation of the research project is discussed in the last chapter. The research question will be answered in the last chapter as well. Furthermore, the limitations and suggestions for further research will be discussed.

Chapter 2: Research methodology

This chapter focuses on research methodology and design oriented research. The discussion between academic rigor and practical relevance, a well known issue related to design oriented research, will be discussed in more detail in this chapter. Furthermore, this chapter encompasses with the data collection methods. Attention is paid to the interviewing methods, validity, reliability, the sampling technique and the qualitative methods of analysis.

2.1 Rigor versus relevance

A key feature of academic research is to develop knowledge for knowledge sake, which is valid for the academic audience (Huff, 2000). However, research which is conducted at business schools should add a second criteria, which is 'relevance' (Aken, 2005). This indicates that management research should implement the double hurdles of rigor and relevance. But what is exactly relevance? Relevance is a vague term and it basically means that research should be relevant to practitioners in the field, such as. managers and shareholders. Nicolai and Seidl (2010) made a distinction between three forms of relevance, namely instrumental, conceptual and legitimative relevance. In their study, they conclude that management scholars focus too much on instrumental relevance, rather than conceptual relevance and suggest that this should change. In other words, management science should shift from offering recommendations on how to act to offering a deeper understanding of the decision situation of practitioners.

The debate about rigor and relevance started a long time ago. Reforming business schools to improve rigor was a hot topic during the nineteen-fifties. American business schools emphasized more on academic rigor than on practical relevance or applicability. The Carnegie and Ford Foundations supported the reforming of business schools and were satisfied with the change (Bartunek, 2011). Bridgman (2007) instead argues that business schools and their research outcomes need to be practical relevant, because most research is funded by the state. Furthermore, the author and other academics claim that business schools need to improve practical relevance to overcome the threat of consulting agencies as rivals for scholars.

The debate concerning the nature of management research was strongly inspired by the work of Gibbons, Limoges, Nowotny, Scott and Trow (1994). They made a distinction between two types of knowledge production systems. On the first hand the Mode 1, "*whereby knowledge production occurs largely as a result of an academic agenda"* (Bartunek, 2011; Gibbons, et al., 1994). The key customers of Mode 1 knowledge are academics. Mode 2, on the other hand, is "*a knowledge production system which requires trans-disciplinarily in which team working among academics and practitioners and across different academic disciplines rather than heroic individual endeavor becomes the established norm' and where scholarly knowledge is developed in context of applications"* (Bartunek, 2011; Gibbons, et al., 1994). Implementing Mode 2 into management research makes it able to satisfy multiple stakeholder requirements (Transfield & Starkey, 1998). Management research should follow a so-called 'dual approach', whereby knowledge production is both, theory-sensitive and practical-led (Transfield & Starkey, 1998).

Nicolai and Seidl (2010) recent review shows that the academic debate is still going on. The authors identified a total of 133 articles dedicated to the topic. Various authors state that the debate has run for far too long (Thorpe, Eden, Bessant, & Ellwood, 2011). It can be stated that management research is increasingly concerned with the improvement of relevance in management research.

2.2 Bridging the rigor – relevance gap

The debate about the identified 'relevance' gap in management research is going on since decades. The British Academy of Management including the British Journal of Management paid much attention to the gap. But is the gap bridgeable? And if, how can we bridge the gap?

Kieser and Leiner (2009) argued that the rigor - relevance gap is fundamentally unbridgeable because "*of the differences between management science and practice it is impossible to assess the relevance of research output within the system of science"*. However, their article received a lot of comments. Hodkinson and Rousseau (2009) demonstrated that Kieser and Leiner's analysis are inconsistent with available evidence. For participants in numerous subfields of management and organizational research it might feel that the gap is unbridgeable. Nevertheless, this does not indicate that there is no way to overcome the gap. There are even examples which show that bridging the gap is already happening.

There are many different proposals available for bridging the relevance gap. Various researchers state that collaboration can help overcoming the gap. Collaboration between science and design can only be effective if a common platform is available. Furthermore, closer involvement with non-academics in identifying research problems, methods and solutions can increase practical relevance and scientific rigor (Hodgkinson & Starkey, 2011; Kieser & Leiner, 2009; Hodgkinson & Rousseau, 2009). Another important issue is the communication between practitioners and researchers as well as the differences in language. Bridging the gap requires *more* than just adapting language styles (Kieser & Leiner 2009; Hodkinson & Rousseau 2009), since the difference in language styles is just one facet of the problem. However, improving collaboration and communication might result in improved use of academic research in managerial practice (Aken, 2005). Romme (2003) and Aken (2005) mention that the notion of design might solve the relevance gap between theory and practice. Fendt and Kaminska-Labbé (2011) confirm these findings and conclude that design-science research can play a role "*in developing theory which is meaningful to professional practice*". Additionally, a full-cycle research approach is suggested to bridge the gap (Polzer, Gulato, Khurana, & Tushman, 2009). Thus, conducting design science research which follows the regulative cycle could be the solution for bridging the relevance gap (Aken, 2005).

2.3 Design science

Banathy (1996) makes a distinction between three approaches of organizing studies, namely: the science, the humanities and the design science. Research which focuses on science and humanities are classified as *pure knowledge problems* whereas design science is classified as *field problems.* Pure knowledge problems focus on the contribution of knowledge of organizations-as-natural-systems, were a field problem, instead, is a problematic state in social reality (Aken & Romme, 2009). But what is exactly design science and what are it characteristics? "*Design science research can be defined as research, based on the approach of the design science, that is, research that develops valid general knowledge to solve field problems*" (Aken & Romme, 2009). The goal of design science is to develop general knowledge. This general knowledge is formulated into a design which is a solution for field problems. A design proposition is "*a chunk of general knowledge, linking an intervention or artifact with an expected outcome or performance in a certain field or application"* (Aken, Berends, & Bij, 2007). General here means that it is not a specific solution, but a general solution for a type of problem.

A distinction between explanatory science and design science can be made. Examples of explanatory science are social science and natural science. Engineering and medicine use design science. Design science is, in contrast to natural science, driven by field problems and is solution oriented. The main difference between both types of science is that, the goal of explanatory science is to develop valid knowledge to describe, explain and predict empirical phenomena within the scope of a scientific question and design science focuses on designing solutions for field problems (Aken, et al., 2007). For this BPS project it is attempted to develop solutions instead of giving explanations.

2.3.1 The meaning of design science and the regulative cycle for this BPS project

This business problem solving project uses a design oriented approach for several reasons. First of all, it is used to bridge the rigor – relevance gap. In other words, the purpose of this thesis is not only to 'add something to the literature', the outcome should be useful for practitioners as well. The project should implement the double hurdles of rigor and relevance. The regulative cycle is used to treat both subjects. The goal of this thesis is to improve and give better insights in the existing situation (the internationalization process) of the organization. However, the goal of the thesis is not only to find a specific solution for the problem of Rensing, but also to develop general knowledge. The outcome of the project can be valuable for the same type of organizations operating under the same conditions.

2.4 Type of research

Babbie (2007) made a distinction between different types of research purposes. According to the author, the three most useful purposes are: explanatory, descriptive and explanatory research. Multiple approaches can be used during one study. Descriptive studies are interested in what-, where-, when- and how-questions and explanatory research in why-questions to find an explanation. However, in addition to the purposes defined by Babbie (2007), another useful purpose of research can be identified as well, namely prescriptive research. Prescriptive knowledge follows the logic of an technological rule. Bunge (1967) definition of an technological rule: "*an instruction to perform a finite number of acts in a given order and with a given aim*". Van Aken and Romme (2009) redefined this term and use it in a more general way and call it design propositions. Design propositions involve the creation of general solutions which can be used for types of field problems. In other words: "*if you want to achieve Y in situation Z, then perform action X*" (Aken, 2005). Prescriptive research is interested in 'what can be questions' (e.g. what can be done to improve performance). Some academics do not feel comfortable with prescriptive research and rather see it as unscientific. In management science is prescriptive knowledge research based, like in medicine and engineering. Still, some academics see it as un-academic research, mainly because their statement is that all science should be normal science or explanatory science (A. Huff, Transfield, & Aken, 2006). Aken (2006) states that prescriptive is a sort of a misnomer in managerial contexts. This because of the fact that a solution is not a prescription for managers, like in medicine, were a doctor prescribes a certain drug to heal the patients sickness.

Descriptive knowledge is used to understand the context of the BPS project, including for instance, the description of the problem context. In this case is descriptive knowledge used to get an understanding of the problem of Rensing. Descriptive knowledge is used extensively during this research to describe the current situation of the internationalization process of Rensing, the problems and barriers of internationalizing, and so forth. However, even if it is extensively used, the main goal is not to describe the problem but to actually solve the field problem of the organization.

This should be realized by providing a suitable solution for the problem. The prescriptive approach is used for the final, but curial, section of this project.

"*Design science can use all known methods for data gathering and analysis. However, in practice, research strategies tend to be case-based, collaborative and interventionist*" (Aken & Romme, 2009). Rensing has been selected as the case for this BPS project. The collaborative BPS project, on a specific problem, whereby Rensing is considered as problem owner is undertaken. The reflection on the solution will be undertaken to come up with a general solution which can be used for the same type of problem in another setting (Aken & Romme, 2009).

2.5 Regulative cycle

There are several research cycles which can be used to solve a particular type of problem. One of them is regulative cycle which consists of six basic process steps: (1) Problem mess, (2) Problem definition, (3) Analysis and diagnosis, (4) Plan of action, (5) Intervention and 6) Evaluation. Figure 1 visualizes the regulative cycle (Strien, 1997). However, due to time constrains the intervention and evaluation stages are not always possible to be carried out. Usually the student has left the company before these stages (Aken, et al., 2007). All six steps will be briefly discussed below.

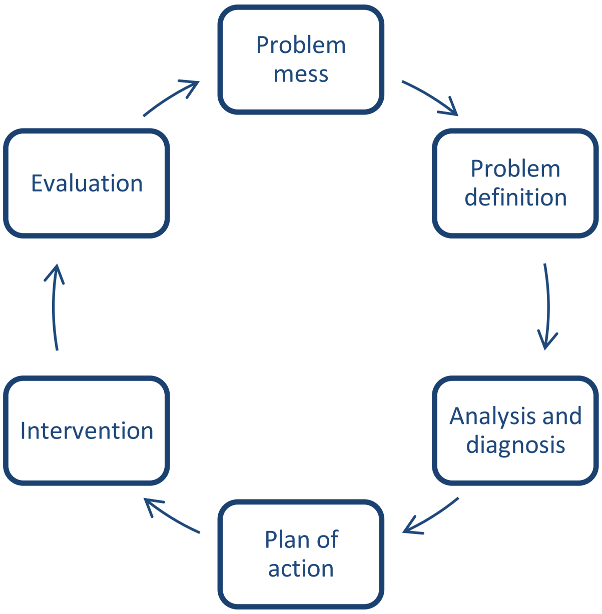

Figure 1: The regulative cycle (Strien, 1997)

The problem mess is the starting point of the regulative cycle and of the business problem solving project. The problem is defined by the problem-owner, in this case the company. The initial problem should be respected and is the content of the problem mess. However, this does not indicate that it is the actual problem. The initial problem is analyzed thoroughly in the problem definition phase. The analysis may, for instance, point out that the problem is only a symptom of an underlying problem (Aken, et al., 2007). The problem definition step also encompasses with which analysis and diagnoses approaches are used during the project. The analysis and diagnosis step includes the analytical part of the project and can be done in various ways, such as. qualitative or quantitative. The solution for the problem will be designed in the plan of action step. This solution is supported by the evidence which is gathered during the research. The changes of the solution are implemented in the intervention step. After the implementation, it is valuable to evaluate at a point in time. This should be done to measure the changes and to determine what still can be improved according to the actual design. The evaluation step is important, since it helps to realize the full potential of the design (Aken, et al., 2007).

2.6 Interviewing, sampling & analysis methods and techniques

This sub-section encompasses with the used data collection methods. First of all, the interviewing methods are described, whereby attention is paid to validity and reliability. Secondly, the sampling technique for selecting the interview respondents is discussed. At last, the qualitative methods of analysis are discussed.

2.6.1 Interviewing method

Interviewing is the main method of data gathering in BPS projects (Aken, et al., 2007). This data gathering method also played a crucial role during this BPS project. Kvale (1983) defines the qualitative research as; '*an interview, whose purpose is to gather descriptions in the life-worlds of the interview with respect to interpretation of the meaning of the described phenomena*". In general, a distinction between three types of interviews can be made, namely; (1) structured interviews, (2) semi-structured interviews and (3) unstructured or also called in-depth interviews (Saunders, Lewis, & Thornhill, 2009). Each type of interview is used for different purposes.

Two rounds of interviews are conducted during this BPS project. The first interviews are conducted during the orientation phase, whereby the purpose of the research was exploratory. The second round of interviews were conducted after the literature review and the creation of the initial solution design. These interviews are conducted to verify the research results.

The researcher explained the goal of the interviews at the beginning of each interview, and ensured the participants that all information is handled anonymously. Furthermore, every respondent received a transcription of the interview for verification. This gave the respondents the possibility to check if their answers are reported properly and to control if it is necessary to make adjustments.

2.6.2 Validity & reliability in qualitative research methods

The use of (semi-structured) interviews involves a number of data quality issues which have to be considered and will be discussed briefly. Morse et al. (2002) argue that validity and reliability remain appropriate concepts for attaining rigor in qualitative research. The authors also claim that "*without rigor, research is worthless, becomes fictions and loses utility*" (Morse, et al., 2002). Hence, it is clear that attention should be paid the validity and reliability of the used data collection methods for this BPS project.

Shadish, Cook and Campbell (2002) use the term validity to refer to the approximate truth of an inference. In other words, the extent to which data collection methods measure what it intends to measure (Saunders, et al., 2009). Saunders et al. (2009) argue that validity of qualitative studies is not concerned as an issue. The authors state that a high level of validity is possible, because the interviewing method offers the possibility to clarify questions, and to probe the meaning of responses. Furthermore, it offers the possibility to discuss topics from "*a variety of angles*" (Saunders, et al., 2009). Nevertheless, much attention has been paid to the validity and reliability of all research methods, including qualitative methods. Hence, it should be clear that validity is an important concept for attaining rigor and the trustworthiness of this BPS project.

Various authors have constructed various types of validity, for instance Maxell's (1996) five types of validity. Lincoln and Guba (1985) argue that member checking is the most crucial technique for establishing credibility. Whereby the data and interpretations are brought back to the participants to confirm the credibility and verify the data. There are various procedures which facilitate this process, such as focus groups to review the findings or researchers may provide the participants the ‘raw data’ (transcripts or observational notes) (Creswell & Miller, 2000).

Special attention is paid to two forms of biases which are concerned as quality issues. These are interviewer bias and interviewee bias (also called response bias). The tone, certain comments and the way of asking questions can influence the way the interviewee answers the questions and therefore result in a bias. Conducting interviews is an intrusive process, whereby the researcher seeks for explanations and information. The participation of respondents does not ensure that the researcher finds the explanations were he/she is looking for. It is possible that interviewees do not, or are not able, to discuss the topics where the interviewer is looking for. Besides that, it is likely that interviewees are providing answers which are ‘socially desirable’. All above listed facts result in a interviewee bias, whereby it might be possible that the interviewees are not providing information on the topics which the interviewer wants to explore.

Reliability refers to the quality of the measurement method, which suggests that the same data would be collected each time in repeated observations of the same phenomenon (Babbie, 2007). “*Even if qualitative research is accepted as capable of producing ‘valid’ results, there may still be doubts about whether they are ‘reliable’*” (Healey & Rawlinson, 1993). Wolcott (2005) identified reliability as an irrelevant because it distracts the researchers attention of the research findings by spending too much attention to the research process. However, the majority of qualitative researchers do not share this believes.

Survey researchers argue that different interviewers get different answers from respondents because of their own attitude and demeanors (Babbie, 2007). Hence, there is the problem of creating reliable measurements. The lack of standardization of interviews might lead to concerns about reliability. The usage of non-standardized research methods results in less repeatability, since the data is collected in one point of time. Marshall and Rosmann (1999) argue that it is not realistic and feasible to make the usage of non-standardized research methods replicable for other researchers. Nevertheless, this should not lead to a lack in rigor. During interviews it is important to; (1) ask questions which can be answered by the respondent, (2) ask relevant questions to the respondent and (3) be clear in what is asked. Furthermore, Creswell (1994) states that it is important to describe the sampling selection process, this subject is discussed in the next sub-section. Nevertheless, these techniques do not solve all the reliability problems. The usage of standardized questions and large sample populations strengthen the reliability of research. There are several different strategies to strengthen the reliability of qualitative research, like for instance the test-retest method.

The meaning of validity & reliability for this BPS project

The interview summaries are provided to the respondents, so they could collaborate on it and verify the interview outcome, which is crucial to establish credibility (Lincoln & Guba, 1985).“*Verification is the process of checking, confirming, making sure and being certain*” (Morse, et al., 2002). Furthermore, all interviews are tape-recorded. Tape recordings can help to validate descriptive data (Lewis, 2009). Moreover, open-ended questions are used to permit the interviewee to elaborate on answers. It is attempted to not use misleading questions during the interview sessions, which could threat the validity of the project.

The interviews are thoroughly prepared, the purpose of the interviews is clearly defined, and the answers of the respondents are tested by re-asking. This are examples of how the biases are reduced in this BPS project (Saunders, Lewis, & Thornhill, 2006)

Marshall and Rosmann (1999) argue that it is not realistic and feasible to make research replicable for other researchers if non-standardized interviews are used. Several techniques are used to strengthen the reliability of this research. It is made sure that the interview questions are relevant and that the questions can answered by the respondents. Furthermore, the test-retest method used, whereby the previously gathered information from the respondents is asked again for conformation. A second round of interviews is conducted to test the research results. The usage of standardized questions and large sample populations strengthen the reliability of research. However, like in many qualitative studies, it was not possible for this BPS project.

2.6.3 Sampling technique

Multiple sampling techniques are available, whereby a rough distinction can be made between probability (also called representative sampling) and non-probability (also called judgmental sampling). The main difference is that, when probability sampling is used, the probability of each case being selected is equal; whereas this is not the case with a non-probability sampling technique.

A none-probability sampling technique, called purposive sampling, has been chosen to select the interview respondents, "*whereby the units to be observed are selected on the basis of the researcher's judgment about which ones will be the most useful or representative*" (Babbie, 2007). In other words, the researcher will select the persons within the organization who are considered as most representative. The persons are selected based upon their activities and their background. Furthermore, the selection is based upon the expectations that the selected interviewees are most useful to answer the central research question and meet the research objectives. The sampling technique is often used when researcher are dealing with very small samples and wish to select the informative cases (Neuman, 2005). Rensing is a relatively small organization, considering the number of employees. Selecting the most informative cases is required to ensure that the interview outcomes are valuable. It should be mentioned that using a non-probability sampling technique influences the statistical conclusion validity. In other words, it is possible to generalize the findings, but not on statistical grounds (Saunders, et al., 2009). Moreover, selecting cases with this technique can never overcome the unreliability of generalizability from a small (*N*) sample, "*nonetheless, they can make an important contribution to the inferential process by enabling researchers to choose the most appropriate cases for a given research strategy, which may be either quantitative or qualitative"* (Seawright & Gerring, 2008). For this reasons, the purposive sampling method has been chosen to select the respondents within Rensing.

2.6.4 Qualitative methods of analysis

Interview methods have been used for quite a long time and various methods of analysis are available. First of all, it should be clarified what exactly is meant with analysis. The data collection and the data analysis can be separated, whereby the first step is the interview itself (data collection) and the second step is everything that occurs afterwards (data analysis). There is no way of going back to the event itself, therefore researchers have to rely on the analytical objects to do their analysis (Ashmore & Reed, 2000), which can be field notes, transcripts or recordings. The first available method to 'record' interviews is making field notes. The advantages of these methods is that it is quick, inexpensive and easy to record initial thoughts. The disadvantages of this method is that the interviews are not replayable, outcome might be biased. The fact that the interviews are not replayable leads to a loss of information. Furthermore, Button and Lee (1987) argue that the method, when used alone, lacks reliability. Nevertheless, field notes have been made during the exploratory interviews to write down important subjects. Along with this method, the interviews are digitally recorded. The advantage of this method is that the recordings are always accessible and can be unlimited replayed (Tessier, 2012). Furthermore, it might help the researcher to focus on details. An disadvantage which has to be considered is that this method is time consuming. Moreover, it can be difficult to translate some information into a text. However, time is not concerned as an obstacle, because relatively less (8) interviews are conducted which makes the process manageable. The interviews are reported in forms of summaries per theme. It has been chosen to not make literally interview transcripts because; *"transcripts are unsuccessful attempts to fix on paper what is dynamic by nature" (Ashmore & Reed, 2000).*

2.7 The project approach

Aken et al. (2007) argued that the outline of a project can be presented in a conceptual project design (CPD). The CPD of this project is visualized in figure 2. A conceptual project design consists of three elements. The first element, which can be seen at right-hand-side of the model, is the subject of analysis. The subject of analysis is mostly a business process, like in this case the internationalization process of Rensing. The second element, which can be seen at the left-hand-side of the model, consists of the theoretical perspectives which are required to study the subject of interest. Aken et al. (2007) state that "*a continuous discussion between theory and practice is required to exploit the theory-based approach to problem-solving*". In this case, two theoretical perspectives are selected, namely; internationalization process theory and international entrepreneurship theory. However, during the project and after a redesign, other theoretical perspectives might be added. The last element of the CPD, which can be found at the bottom of the model, represents the deliverables of the BPS project. The deliverables of the project will be provided in forms of diagnosis, exploration of solution directions and recommendations for Rensing.

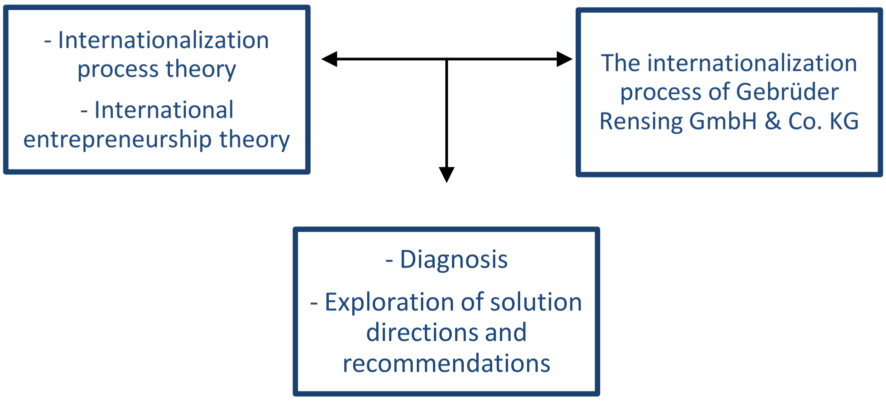

Figure 2: General structure of CPD for this BPS project

Chapter 3: Problem definition – Analysis & diagnosis

This business problem solving project starts with an intake process and an orientation process. These aspects represent the problem definition step in terms of the regulative cycle (Aken, et al., 2007). This chapter will start with the company descriptions of Gebrüder Rensing GmbH & Co. KG and Terwege GmbH, which is the mother company of Rensing. Thereafter, the intake and orientation processes will be discussed.

Next to the intake process and orientation process, this chapter encompasses with the analysis and diagnosis step. A BPS project is, in contrary to other research, not driven by a hypothesis or theory, but is driven by a business problem. The empirical based investigation aims to validate the business problem and specify the characteristics of the problem. Moreover, the research aims at exploring and validating the causes of the problem. The empirical analysis is saturated when the data gathering methods do not yield new insights or valuable information (Glaser & Strauss, 1967).

3.1 The problem context: Description of the companies

This research focuses on the internationalization process of Rensing. However, Rensing is a hundred-percent subsidiary of Terwege and therefore a company description of Terwege is provided as well. To get a full understanding of the organization, it is especially important to describe both companies, because the working activities of almost all employees are related to both companies. Moreover, are companies are located in the same building. Terwege and Rensing have a total workforce of eleven employees.

3.1.1 Gebrüder Rensing GmbH & Co. KG

The company Gebrüder Rensing is founded in 1899 and located in Bocholt, Germany. Rensing used to be a subsidiary of Borgers GmbH. Borgers sold the company in two parts in 2011. Setex Textil GmbH bought the fabric weaving part of the company. Terwege GmbH bought the work wear part including the brand and company name.

Rensing, now a subsidiary of Terwege, is a manufacturer of high quality work wear and protective work wear. The mission of the organization is to create a brand which stands for constantly high quality, which can only be ensured by having dedicated staff, reliable trading partners and a heightened sense of responsibility. Under the lead of a new director, Rensing strives to remain loyal to old values, without losing sight of the future. Another value is that the organization feels responsible for the environment. Therefore, only ökotex-certified fabrics are used for the production of work wear.

The assortment of Rensing consists of non-protective work wear and protective work wear. None-protective clothing includes the product lines Base, Base+, RenVas and Outdoor clothing. Base and Base+ are normal working clothing such as jackets, trousers and bib-trousers. The outdoor product line includes forestry, hunting and camouflage clothing. As a manufacturer of personal protection equipment, Rensing's assortment includes welding, multi-risk and high-visibility clothing. All these clothes are produced and certificated according to European norms and standards. Rensing solely uses European fabrics for the production of protective work wear. The products of Rensing are produced in eastern Europe, which is an advantage because this makes it possible to produce customized work wear without having a long delivery time.

Rensing serves several customers groups. The protective clothing as well as the product lines Base, Base+ and RenVas are mostly sold to dealers. However, the products are in some cases also directly sold to end-users. The outdoor garments are sold to web-shops and dealers which are specialized in forestry, hunting and army related products. Most of the customers of Rensing are located in the western and northern part of Germany.

3.1.2 Terwege GmbH

Terwege GmbH is founded in 1969. The organization started as a specialist for high-quality industrial spun yarns. In the meanwhile, the company has developed into a company for trade-related services in the areas of yarns, home textiles, high-quality corporate apparel, and merchandising products. These four product areas of company will be briefly discussed below.

Terwege sells high-quality industrial spun yarn since 1969. Nowadays, it is still the main activity of the company and the area which generates the most turnover. The assortment of the company includes the entire range of spun yarns, of both, natural and synthetic materials. Furthermore, it includes recycled cotton yarn and extruded ribbon. Terwege does not produce the yarn itself. The products are mostly produced by a Spanish partner. Terwege is one of the agents of this company and responsible for the German market. This is also why most of the yarn customers are located in Germany. However, the company has also a couple of foreign customers, for example in The Netherlands.

A substantial part of the turnover is generated by the sales of home textiles, such as bed linen, pillows, towels, table runners and so on. The products are produced and imported from the far east and European countries. German production is possible as well, it all depends on the customer requirements. The products are offered in different qualities, namely cotton and poly-cotton blend. Most of the customers of Terwege are store chains which have home textiles in their assortment. Terwege offers product solutions for all segments of the market, for discounters and luxurious chains. The majority of the customers are located in Germany, Austria, Swiss and The Netherlands.

The third area of Terwege is high-quality corporate apparel and merchandising textiles. A major strength of the company is that it has multiple suppliers which deliver on a daily basis. Customers have multiple possibilities to choose the right apparel to ensure a positive company representation. With a minimum order quantity of 500 pieces, Terwege already produces a very own custom made collection. Most of the customers of this segment are companies which need work wear with embroidered or patched logos. Terwege has a wide variety of customers within multiple segments. Most of these segments are located in Germany.

At last, Terwege sells merchandising products such promotional gifts and giveaways. Most of the promotional products are offered with a printed, engraved, embroidered or embossed company logo. Promotional gifts with a company logo can increase the brand awareness. Nevertheless, all promotional products are also available without imprint.

3.2 The intake process

The intake process starts with a conversation with a company representative to explore the possibilities of a BPS project (Aken, et al., 2007). The intake meeting has several purposes, whereas the most important one is that the meeting provides enough input and material for an initial assignment and project proposal. Furthermore, it is important that the BPS project is *performance* based and the project should be feasible regarding time and costs. The project must be relevant for the company and should have scientific relevance as well. To cover the first step of the intake process, an intake meeting took place with two employees of Gebrüder Rensing.

No.	Date	Time	Location	Duration
1.	28-09-13	11:00	At work	Approx. 45 min

Table 1: Background information Intake meeting

According to the regulative cycle, the BPS project starts with the problem mess (for a detailed description of the BPS steps see paragraph 2.5). The goal of this stage is to describe the 'initial problem', which is provided by the company.

As been mentioned before is Gebrüder Rensing GmbH & Co. KG located in Germany, and nearly all customers are located in Germany. Within Germany, customers are mostly located in the western and northern part of the country. During the intake process it became clear that Rensing barely export products at the moment. However, the company would like to export products to various countries in Europe, such as The Netherlands, Belgium, England, Spain and France. Exporting protective work wear within European countries would be a great opportunity for expanding businesses, since all products are certified according to European standards. Nevertheless, Rensing has no/less experience with exporting products and does not know how to enter foreign markets. In other words, there is a lack of experience and knowledge regarding the internationalization process. The company is at the starting phase of the internationalization process. After the first meeting, the preliminary problem statement can be defined as: *'The operations of the organization are mainly focused on the German market, whereby insufficient attention is paid to the further development of foreign markets'.*

3.3 Empirical based investigation - The orientation process

After the agreement upon the initial problem by the different parties involved, the next step of the BPS project is the orientation process. This orientation process is internally focused. During the internal orientation process, the task is to actively listen to the organization to gain more knowledge and insights about the problem. According to Aken et al. (2007), generally five to ten exploratory interviews are conducted with employees who are responsible for the problem and/or employees who are confronted with the problem. Exploratory interviews can help to understand 'what is happening' and to seek new insights (Robson, 2002). Saunders et al. (2009) state that exploratory studies, or in this case exploratory interviews, can be "*particularly useful if you wish to clarify your understandings of a problem, such as if you are unsure of the precise nature of the problem".* The purpose of this orientation stage is to add other perspectives to the initial problem. Therefore, five exploratory interviews have been conducted.

No.	Date	Time	Location	Duration
1.	05-12-13	15:00	At work	Approx. 46 min
2.	05-12-13	16:00	At work	Approx. 41 min
3.	06-12-13	13:00	At work	Approx. 51 min
4.	10-12-13	14:00	At work	Approx. 35 min
5.	12-12-13	11:00	At work	Approx. 48 min

Table 2: Background information exploratory interviews

The main goal of these interviews is to get a better understanding of the problem. A suitable interview method for exploratory research is non-standardized (qualitative) interviews or semi-structured interviews. The advantage of these types of interviews is that the discussion may lead in other directions, which the interviewer did not previously considered. Such a discussion might be significant for the understanding of the problem context (Saunders, et al., 2009). Taken all together, there has been chosen to conduct five semi-structured interviews in the orientation phase (the interview questions can be found in appendix 1). The interviews are conducted to gather data about the current situation of internationalization at Rensing. Furthermore, the interviews are conducted to gain information about problems and barriers of internationalization, the ideal situation of Rensing and the boundary conditions of the BPS project. A non-probability sampling technique has been used to select the respondents. This technique is often used when very small samples are used and the researcher wishes to select the most informative cases (Neuman, 2005). The owner, sales representatives and the manufacture planner have been selected as interview respondents. It was expected that these selected interviewees provide the most valuable answers to the questions, and therefore meet the research objectives.

3.5 Outcome of the exploratory interviews – Specification of the problem

The interviews which are conducted with the employees of Rensing gave a deeper understanding of the current situation of internationalization and the problems and barriers of internationalizing. Furthermore, the interviews provided information about the ideal situation of Rensing concerning internationalization and the boundary conditions of the solution design.

A problem can be defined as: "*a state of affairs in the real world with which important stakeholders are dissatisfied, while they believe that things can be improved*" (Aken, et al., 2007), whereby dissatisfaction is a necessary but not a sufficient condition. Aken et al. (2007) argue that "*the term problem is referred to an unsatisfactory performance, or a state-of-affairs that is directly related to an unsatisfactory performance".* Furthermore, the authors state that it makes only sense to conduct a BPS project which is based on real problems. The table below provides an insight in the most important problems/issues which are driven from the interview outcomes. These issues can be classified under several types of problems, such as the root problem, organizational problems, internal problems and external problems. The interview summaries can be found in appendix 2.

No.	Issue description
1.	The core business activities of the former organization focused on fabrics instead of work wear.
2.	Segmentation, targeting and positioning focuses mainly on the domestic market, instead of international markets.
3.	Insufficient knowledge of foreign country specific business practices
4.	Need for English marketing communication concepts
5.	Cultural barriers / Language barriers
6.	Low brand awareness in foreign countries
7.	Adoption time to implement new innovations and/or technologies
8.	Limitations concerning finance, management time, human resources and capabilities.

Table 3: list of problems/issues related with internationalization

3.5.1 Root problem

One of the first issues which came up during the interviews was the takeover of Rensing a couple of years ago. Rensing used to be a subsidiary of Borgers GmbH. The core business activities of former organization Rensing was the production of fabrics. The second activity was the production of work wear and protective work wear. Respondent no. 3 explains that the main part of the organization focused on the production of fabrics (approximately 70%) and the second part was the production of work wear (approximately 30%). The work wear part used to be '*second choice'.* With this is meant that this part did not receive as much attention as the core business (respondent no. 3, respondent no. 4). The organization Rensing was sold in two parts. Setex Textil GmbH bought the fabric weaving part and Terwege GmbH bought the work wear part. Gebrüder Rensing is nowadays under the lead of a new director. However, the organization is still confronted with the past. With this is meant that, as a few respondents indicated, that the lack of an international focus in the past has consequences on today's international activities.

The former organization Rensing was mainly selling its work wear in Germany. The former organization had a few foreign customers in German speaking countries. Furthermore, the former organization had an agency agreement with two Dutch sales representatives which were selling work wear in The Netherlands and Belgium. These salesmen worked independently, and Rensing had no direct influences on their sales activities. The agency agreement ended in 2011 before the takeover and as a result the export to The Netherlands ended.

The organization is still focused on the German target market because of several reasons. First of all, Respondent no. 5 mentioned that the organization is still focusing on the domestic market, because the organizational focus was always the German target market. Second of all, there is still a lot of potential within Germany (respondent no. 5, respondent no. 4, respondent no. 3). Besides this, respondent no. 2 argues that the majority of the customers are located in the western part of the country, and therefore there is still a lot of potential in the other parts of Germany.

3.5.2 Organizational problems

Gebrüder Rensing is a relatively small organization which has its strengths and its weaknesses. The main strengths of Rensing are, the great knowhow of the work wear, the flexibility, and the ability to produce custom made (protective) work wear already for low minimum order quantities with a minimized delivery time. However, being a relatively small organization brings limitations. First of all, respondent no. 1 mentioned the topic of financial constrains, with the following example: "*Rensing* *does not have the ability to start a huge marketing communication campaign, including television commercials, to enter a foreign county like other competitors do*". Second of all, during the interview sessions it became clear that management time and human resources is argued to be a limitation of the organization. All the respondents addressed this topic. Respondent no. 2 states that the employees have limited time to invest in internationalization. Limited resources is partially an organizational problem, but an internal problem as well. These internal limitations will be discussed in the next section.

3.5.3 Internal problems

This section will discuss the internal issues which came up during the exploratory interviews. The main internal issues are related to knowledge, culture, marketing, adoption time and resources. These will be briefly discussed underneath.

The organization Rensing has many years of experience on the German market. The organization has the knowledge of the German business practices. However, the organization has a lack of knowledge concerning foreign county specific business practices. One of the causes is that there is relatively less contact with foreign (potential) customers at the moment. Foreign customer demands and uncertainty about the points of purchase are two examples of a lack of knowledge which Respondent no. 1 addressed.

The main target market of Rensing is the German market. As a result, all the available marketing communication tools were in German. The website of the organization is only available in the German language for instance. The demand of English marketing communication tools rose during the exhibition at the fair Schweissen & Schneiden in the autumn of 2013. Respondent no. 1 claims that "*pricelists and prospects were solely available in German, this changed a couple of months ago*". Pricelist and prospect are translated into English. Nevertheless, other marketing communication tools are still only available in German.

Cultural barriers can arise while doing business in foreign countries. During the interviews it was mentioned by the interviewees that the organization does not know much about foreign business practices ,including cultural behaviors. Moreover, a more clarified issue arose, which is defined as a language barrier. Respondent no. 1 stated that in multiple cases, such as the explanation of custom made work wear or detailed product information, a native speaker is preferred from the customers side. Although, the business language in Europe is English, and all salesman of Rensing speak English. Nevertheless, respondent no. 2 indicated that doing business in Germany is much easier than abroad. This respondent also stated that acquiring new foreign customers is much more time consuming than acquiring new domestic customers.

The work wear industry is highly competitive. There are many manufactures of work wear and protective work wear. Many organizations in the industry strive to implement new products, which is one way to distinguish itself from the rivals. This includes in some cases, also the implementation of new innovations or technologies. An example of a new technology could be the introduction of work wear which is make of a new fabric. Rensing, as a relatively small organization, needs more time to implement these technologies compared to bigger rivals (respondent no. 5). This mainly because of the high cost involved.

3.5.4 External problems

It became clear that the organization Rensing is currently barely internationally active. The organization had more international activities in the past. The former organization Rensing did not use the company name '*Rensing´* as the brand for work wear. In other words, the clothing of the company were not sold under the brand name Rensing, but without a brand. Under the lead of the new director, the organization implemented the brand Rensing. This happened approximately two years ago. As a result, the brand awareness is not that high in all parts of Germany. Furthermore, the brand awareness in foreign counties is low, which requires marketing communication (respondent no. 1). Respondent no. 1 also explains that this has both, advantages and disadvantages. On the first hand, one of the disadvantages is that a lot of time and effort is involved. On the other hand, one of the advantages is that the prices are not comparable, which is normally the case if many retailers are selling the same brands and products. This enables to implement an independent pricing policy in foreign countries (respondent Nr. 1).

3.6 Cause and effect diagram

The information which is gathered during the intake and orientation phase is represented in a cause and effect diagram, which can be found below.

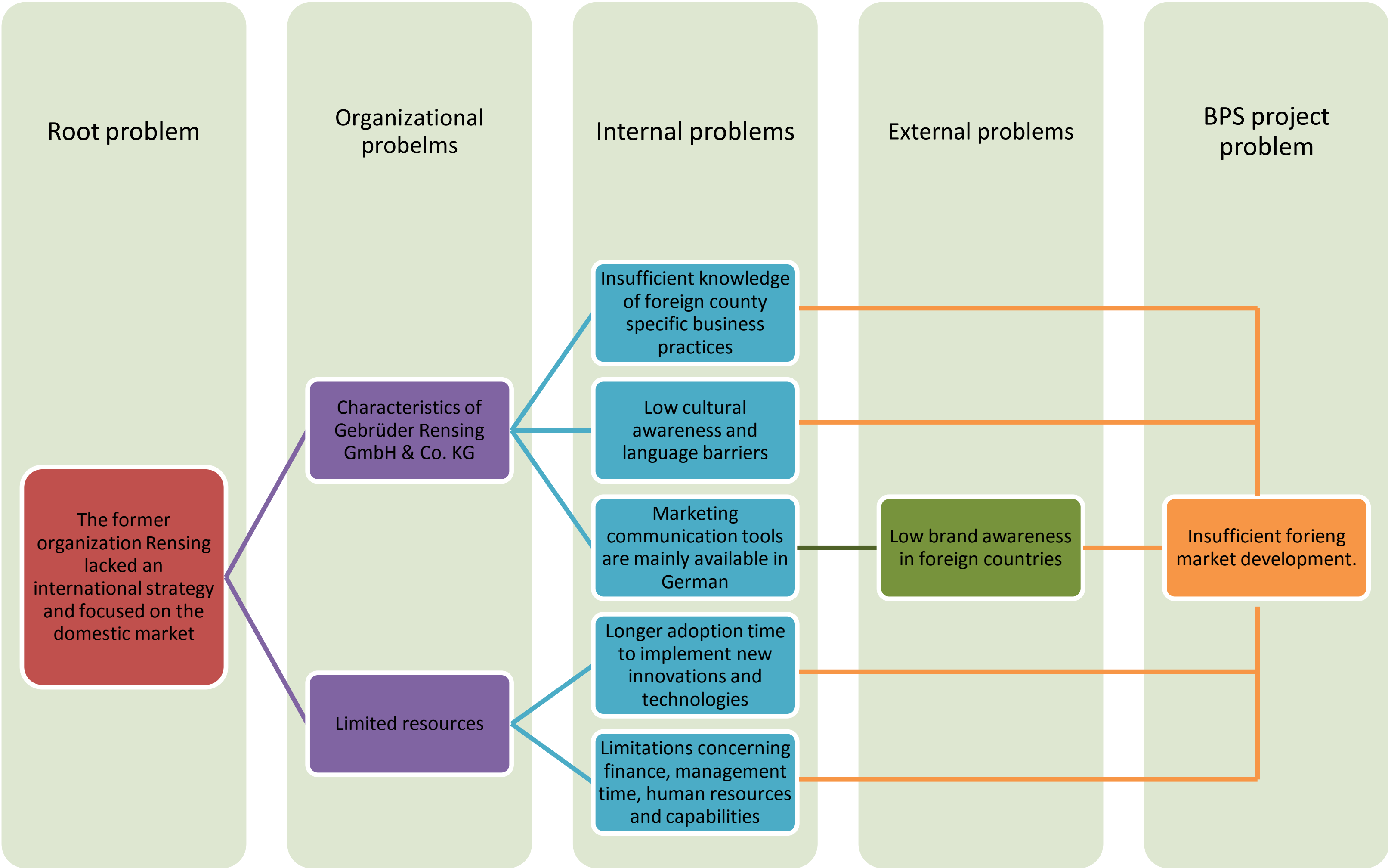

Figure 3: Cause and effect diagram based on interview outcomes

Chapter 4: Theory based investigation

The empirical analysis is discussed in the previous chapter. This chapter encompasses with the theoretical analysis. However, the empirical and the theoretical analysis are related to each other and should strengthen each other (Aken, et al., 2007). Literature has been studied to counter the identified issues/problems and ultimately develop a solution design.

4.1 Naming & framing of the cause and effect diagram

The case and effect diagram (figure 3) in the previous chapter is based upon the data which is gathered during the exploratory interviews. This diagram is formulated in terms of organizational perspectives and so called colloquial speech, in other words 'everyday speech'. The problem with a diagram which is based on colloquial speech is that it escapes categories of science. As a consequence, the features of the cause and effect diagram are not mapped as existing theories or key concepts. This process can be seen as naming and framing (Schön, 1983). In other words, existing concepts are used to name the problems and its causes. This makes it possible to label the practical problem as a particular type of problem, such as an 'internal conflict problem'. This process is helpful to make the connection between practice and theory. Table 4 displays the translation of the problems into 'key-concepts'. The cause and effect diagram after naming and framing can be found on the next page (figure 4).

	Issue description after Naming & Framing
1.	Lack of international strategy
2.	Organizational characteristics
3.	Limited resources (finance, management time, human resources, capabilities)
4.	Lack of (foreign) market knowledge
5.	Low cross cultural awareness / Psychic distance
6.	Longer adoption time
7.	Insufficient foreign market development

Table 4: list of problems/issues after naming & framing

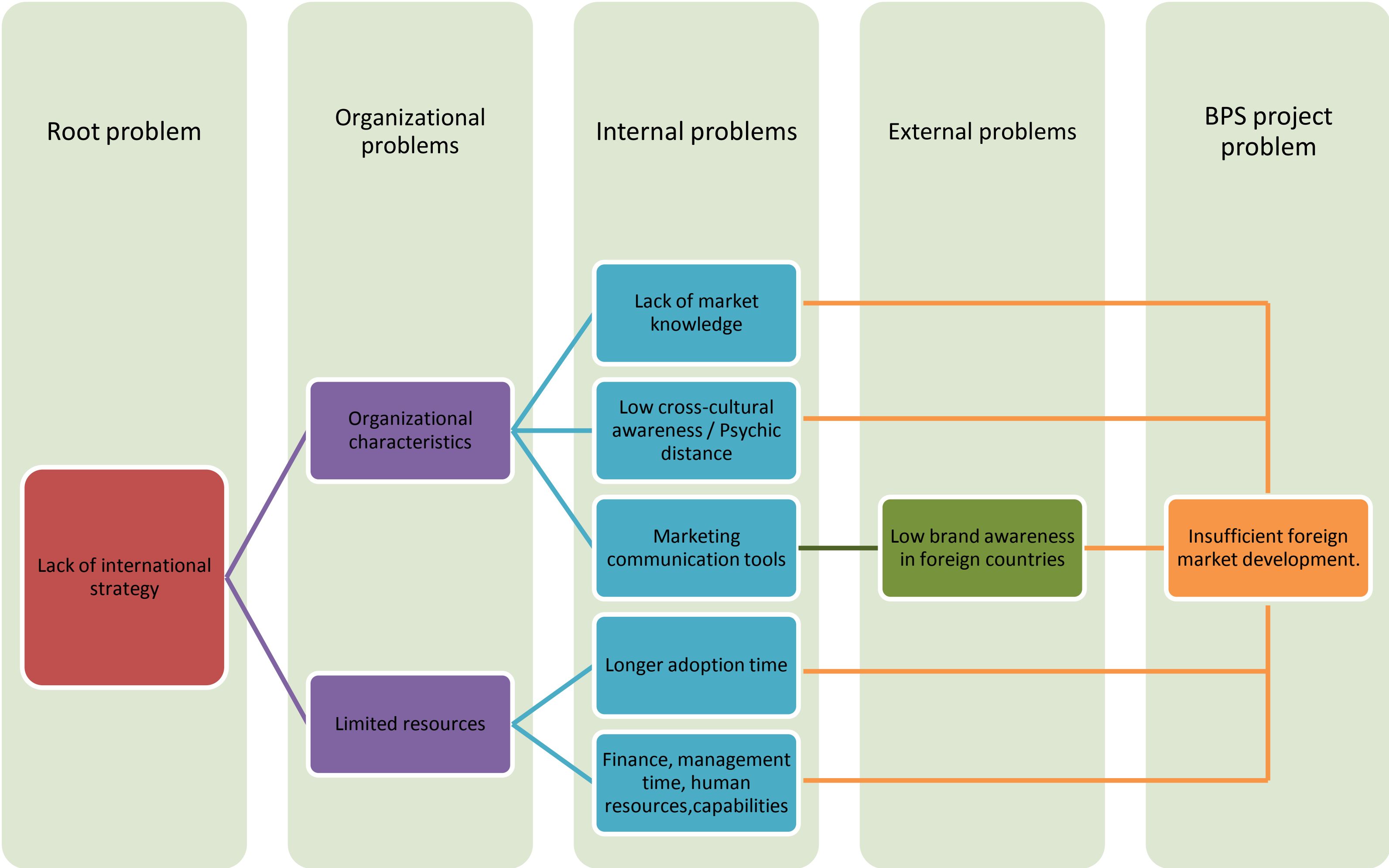

Figure 4: Cause and effect diagram based on scientific investigation

4.2 Literature review

A considerable body of literature about the internationalization process of a firm is available since 1970. The two mostly cited definitions of internationalization are as follow: "*Internationalization is the process of increasing involvement in international operations*" (Welch & Luostarinen, 1988) and "*Internationalization is the process by which firms both increase their awareness of the direct and indirect influence of international transactions on their future, and establish and conduct transactions with other countries [or italics]*" (Beamish, 1990). Thus, the internationalization of a firm is the process in which a firm gradually increases its international involvement, which includes an increase of awareness of the direct and indirect influence of international transactions. Internationalization is a process that occurs over time. Two early, but still influential models, about the internationalization process of a firm are introduced in the mid seventies. These are the Uppsala Model (U-Model) (Johanson & Vahlne, 1977) and the Innovation-Related Internationalization Model (I-Model) which is introduced by several authors (Bilkey & Tesar, 1977); (Cavusgil, 1980); (Czinkota, 1982); (Reid, 1981). The U-Model is a dynamic model, whereby the outcome of one cycle of events is the input for the next cycle. The model makes a distinction between stage and change aspects. The underlying assumption is that organizations gain '*market knowledge*', which they initially lack, by '*current activities*' in foreign markets. This leads to enhanced knowledge and eventually '*market commitment*'. Next to the U-model, there are the I-Models. These are called I-Models since they are linked to the innovation adoption model. The number of stages and the names of the stages of the I-Models differ from each other. The stages cannot be seen as steps, but more as a label or group in which a firm fits. The U-Model and the I-Model are both labeled as stage models in the literature.

Stage approaches are assuming that the internationalization process takes place as a series of stages. Internationalization can be seen as a sequential evolution process which explains the stepwise evolution from an exporter to, eventually owning operations in foreign counties. Other perspectives are learning approaches, which argue that organizations start foreign activities in nearby countries and gain knowledge by experimenting. As a follow up, organizations start foreign activities in countries with a greater physic distance (Johanson & Vahlne, 1977). The contingency approach (contingency theory) also strives to explain the internationalization process. This approach assumes that internationalization is not only driven by strategies, but often a result of circumstances and opportunities (O'Farrell & Wood, 1994). Welch and Paavilainen-Mäntymäki (2013) state, in their comprehensive literature review about the internationalization process of a firm, that the U-Model and the I-Model are still mostly cited in the theoretical development of internationalization. Nevertheless, the authors argue that there are two other popular theories, next to the mentioned approaches. These are network theories and born global approaches. Fletcher (2008) supports the importance of a network in the internationalization process. The author argues that internationalization is not only outward driven, but inward driven as well (Fletcher, 2001). Supporters of the network perspective state that firms should map their international network in which they are embedded, whereby strength are indicated which can have positive impact on the internationalization process. Moreover, organizations get better insights of their opportunities in markets by network mapping. Within the internationalization literature, 'born global' approaches are also often studied. Though, these studies are mostly focused on high-tech organizations and the theories are less applicable and valuable to other types of firms, such as manufacturing firms which are in the starting point of their internationalization process. Therefore, this perspective is left out of sight.

All approaches of internationalization contributed to the understanding of, and added something to the perspective of the internationalization process. Nevertheless, they are all different approaches and not dynamic models which explain the internationalization process. Johanson and Vahle (2009) introduced a revisited internationalization process model, whereby the authors strived to include the new theories and perspectives of internationalization. The network perspective plays a central role in their new model, since the authors assume that the internationalization process is pursued within a network. The structure of the new model remains the same, but the set of variables changes. The recognition of opportunities and the network position are important values within the network. The traditional model is primarily focused on knowledge and addresses the importance of experimental knowledge, whereas the revised model underlines the importance of a network. It is even stated that the organizations internationalization process depends on the firms' network.

4.2.1 International strategy

Nowadays, organizations produce, purchase and offer products and services worldwide. A global marketing strategy, or international strategy, is therefore important for organizations. The development of a strategy involves the performance of activities designed to plan, promote and price the organizational products in more than one county to gain profit (Kerin & Peterson, 2010). The strategic aspect of global strategy involves decisions such as *where* and *how* the organization is planning to market its products. *Where* refers to the selection of countries and markets, whereas *how* refers to entry mode decisions. Increasing international activities has been identified as an important strategic option for organizational growth, for both large and small organizations. The formulation of a strategy includes issues such as, the development of vision and mission statements, the development of short and long term objectives and the selection of suitable strategies. Moreover, an internal and external audit should be performed (David, 2011). The development of a global strategy includes designing, producing and marketing products which suit to global needs. There are multiple advantages of expanding business in foreign countries, like for instance gaining new customers and the competition in foreign markets might be less intensive as in the domestic market. However, organizations are facing multiple challenges during expanding in new geographical markets. Many of these challenges are related to newness and liability of foreignness (Lu & Beamish, 2001). This is mainly because of the fact that an organization is unfamiliar with the new markets. Lu and Beamish (2001) also argue that organizations have to acquire new knowledge in order to enter new markets successfully.

Arranz and Arroyabe (2009) argue that the internationalization strategy of a firm is determined by factors such as experience, skills, experimental knowledge, as well as the orientation and knowledge/training of decision makers (e.g. managers within the organization). Leonidou (1995) argues that internationalization is driven by proactive or reactive stimulations, and therefore a clear distinction can be made between proactive and reactive strategic positioning. A proactive approach means that the organization takes an active role in the internationalization process, whereby the organization strives to increase commitment to a foreign market. A reactive approach indicates that the organization is not actively involved in the internationalization process and it can be stated that internationalization solely occurs through unsolicited or unexpected orders. Notwithstanding the possible benefits of internationalizing, many small and medium sized enterprises are facing barriers when internationalizing. SMEs might face two types of barriers. First of all, internal obstacles such as lack of competences and organizational characteristics (limitations concerning: human resources, production, marketing, distribution, finance and production). Moreover, information inefficiencies can lead to problems in selecting and contacting foreign business opportunities. Second of all, there might be external obstacles such as market, political and social cultural conditions. It should be mentioned that obstacles might occur in every stage of the internationalization process. However, organizations which implement a proactive international strategy, which requires that the organization has extensive market knowledge, are more likely to be confronted with external barriers instead of internal barriers. Organizations which adopt a reactive strategy are more likely to be faced with internal obstacles due to a lack of routine and experiences. It can be argued that organizations which implement a reactive strategic positioning have a lack of competences which are required for internationalization (Leonidou, 2004). Generally it can be argued that, the smaller the foreign sales, the more internal obstacles.

The management of an organization is responsible for the strategic decision-making processes (SDMPs) concerning internationalization. Organizational managers set important objectives and directions to their firms which stand out as key drivers behind the success of the internationalized firm (Dimitratos, Petroi, Plakoyiannaki, & Johnson, 2011). Having a management which has the vision to succeed abroad is important. However, equally important is motivating all employees within the organization toward the organizations objective, which is in this case internationalization (Loane, Bell, & McNaughton, 2008). This is also supported by the eight-stage change process of Kotter (1995), whereby not only the creating of a strategy is important, but also the communication of the strategy and the creation of a guiding coalition. Various scholars argue that the SDMPs to enter foreign markets are likely to be unplanned or irrational. With 'unplanned' is meant that the organization is internationalizing without a precise plan (Kalinic, Sarasvathy, & Forza, 2013). Unplanned internationalization decisions does not mean that the decisions are non-logical. Nielsen and Nielsen (2011) argue the decisions of managers can be based on general experience, rather than specific market knowledge of a foreign market, whereby managers tend to follow the 'affordable loss principle'. However, this does not indicate that the SDMPs are generally unplanned. Managers prefer casual logic over effectual logic. Nevertheless, effectual logic is preferred if there is not enough information available.

The U-Model and other studies show that knowledge, to be more specific market knowledge, plays a central role in the development of market commitment. However, SDMPs concerning internationalization can also be based on effectual logic which also leads to an increase of market commitment, but in this case without the increase of market knowledge. Thus, (foreign) market commitment cannot only be created by increased experimental knowledge and market knowledge as suggested in the U-model, but also by effectual logic decisions concerning foreign market development.

4.2.2 Internationalization of small and medium sized enterprises (SMEs)

Within the comprehensive body of literature about internationalization, a stream of research focuses on the internationalization of SMEs. This is not surprisingly, since SMEs are increasing their international activities (Ruzzier, Hisrich, & Antonic, 2006). SMEs are key players in the developed economies and are responsible for the majority of the employment. Nevertheless, SMEs have limited information, financial constraints and limited management time and experiences (Buckley, 1989). SMEs suffer from these limitations, since these limitations constraint their internationalization efforts (Chetty & Campbell-Hunt, 2003). A distinction between internal and external constraints is made in the literature. Examples of internal constraints are lack of management time and skills, whereas examples of external limitations are market conditions and the institutional context. Other identified constraints are limitations concerning financial and human resources (Malo & Norus, 2009).

4.2.3 The role of knowledge and learning in internationalization

Johanson and Vahlne (1977) addressed in their early model of internationalization that knowledge, or better said, a lack of market knowledge, plays a central role in the internationalization process of a firm. The discussion about the role of knowledge is still going on. The majority of scholars addresses the importance of knowledge in the internationalization process of a firm. The organizational performance depends on the management's ability to mobilize the available resources into value creating activities (Alvi & Leidner, 2001). In the context of internationalization, it could be argued that the international strategy of an organization is enhanced by its ability to learn.

Knowledge plays a central role in the U-Model. Knowledge is seen as an aspect of human resources. Johanson and Vahlne (1977) make a distinction between general knowledge, like marketing methods, and market specific knowledge which are the characteristics of a specific market. The authors also make a distinction between objective- and experimental knowledge. The difference is that objective knowledge can be taught and experimental knowledge can only be learned though experience. Thus, foreign market knowledge could be learned through the experimental knowledge. There is a relation between market knowledge and market commitment. Market knowledge can be seen as an organizational resource, and therefore there is more commitment to a market if the value of the resources increases (Johanson & Vahlne, 1977, 2009).

Multiple issues concerning the role of knowledge and learning in internationalization can be identified. One important issue which is rarely addressed is the link between knowledge and strategy (McDonough & Zack, 2008). Organizational knowledge is the resource which enables to deliver products and services. The resources have to be managed in a proper way, so that the organization is able to sell and deliver its products. Managing these resources is often seen as an operational issue, instead of being a strategic one. However, an organizational strategy is limited by the organizational knowledge. Therefore, a strategic knowledge gap might occur. This gap is the difference between the organizational knowledge and what the organization should know. This strategic knowledge gap should be bridged in order to fulfill the organizational objectives. Closing the gap can be realized by both, internal and external learning (Cassiman & Veugelers, 2006). Another important issue is the knowledge acquisition of the organization. This means that the organization has to learn and use knowledge about the foreign markets it wants to operate in. Different markets have different demands and requirements, therefore it is important to gain market specific knowledge. Mainly, because product adaption, as well as product innovation, might play a central role in launching the products successfully (Kafouros, Buckley, Sharp, & Wang, 2008). Furthermore, Michailova and Minbeava (2012) argue that knowledge charring within the organization is considerably important for the coordination of the internationalization processes.

The role of knowledge and learning plays a central role in the internationalization literature. The issue is already addressed in the U-Model and is still discussed in today's journal articles.

4.2.4 Physic distance

The establishment of operations in new foreign countries is related with the physic distance between the home and the host county. But what is physic distance exactly? Physic distance can be defined as "*the sum of factors preventing the flow of information from and to the markets*" (Johanson & Vahlne, 1977). This definition is still somewhat vague and intangible. To be more specific, physic distance can be, for instance, the differences between host and home country concerning languages, business practices, culture and industrial development. The concept physic distance is shaped by the differences between home and host (foreign) country and every individual person perceives this different. Thus, the concept can be defined as: the individuals perceived distance between home and host (foreign) country (Sousa & Lages, 2011).

The concept of physic distance is used to address the complex differences between markets. Physic distance plays a central role in the foreign market selection process (Ellis, 2007). The managers perceptions plays a crucial role in the market selection process (Sousa & Bradley, 2008). It can be stated that a market with a low perceived physic distance is more likely to be selected than a market with a high perceived physic distance. Bilkey and Tesar (1977) state in their innovation related internationalization model that organizations mostly start exporting to foreign countries with a low perceived psychic distance and that firms start exploring with export to more psychologically distance countries when the firm is an experienced exporter. Thus, in other words, the authors state that internationalization is a stepwise process.

Chapter 5: Plan of action – solution design

This chapter encompasses with the third step of the regulative cycle. The purpose of this chapter is to provide a solution design which answers the identified research problem. The solution is adjusted to the identified boundary conditions of the BPS project. These conditions will be discussed in the first sub-section of this chapter. The second sub-section will discuss the proposed solution design.

5.1 Boundary conditions of the solution design

During the exploratory interviews, the interviewees were asked to provide the boundary conditions of the solution design. It became clear that one of the main boundary conditions is related to organizational characteristics. To be more precisely, multiple respondents mentioned that the solution design should be realistic and should fit to the characteristics of the organization. Rensing is, as mentioned before, a relatively small organization and can be classified as a SME. Limited human resources, financial resources and management time are the boundary conditions of the solution design. Furthermore, it was mentioned that the solution design should focus on the internationalization within the European market, since the products of the organization are certificated according to European standards.

5.2 Initial solution design

Insufficient foreign market development has been identified as the business problem solving problem. Several organizational, internal and external problems have been identified as the causes of the problem. A lack of an international strategy, also called global strategy, has been identified as the root problem. The goal is to develop a solution on how Gebrüder Rensing can internationalize its businesses. Several approaches of internationalization are combined in the solution design.

The developed model strives to make a combination of the available approaches of internationalization. The model can be seen as a stepwise model and therefore includes the stage approach, whereby internationalization is seen as a sequential evolution process. Though, it is also a dynamic model which indicates that the model is seen as a never ending process. The learning approach plays a central role in this model. The organization gains knowledge though international experiences and this should be the input for other international activities. Recent internationalization literature has indicated that the network of an organization plays a crucial role in the internationalization process of a firm. The network perspective is an underlying assumption in this model, whereby network mapping should help to recognize opportunities and developed strategies. Internationalization does not only occur through planned, stepwise activities. This model also supports the contingency approach, which assumes that internationalization is not only a result of planned activities, but also a result of circumstances.

Thus, it is strived to develop a multi-approach model, whereby internationalization is explained stepwise in a logical order, but also explained by unplanned circumstances. The learning approach and network perspective are underlying assumptions, which play a crucial role in the recognition of opportunities and gaining knowledge. Furthermore, internationalization is seen as a never-ending, dynamic process. An organization does not have to follow the complete cycle before starting with other foreign activities.

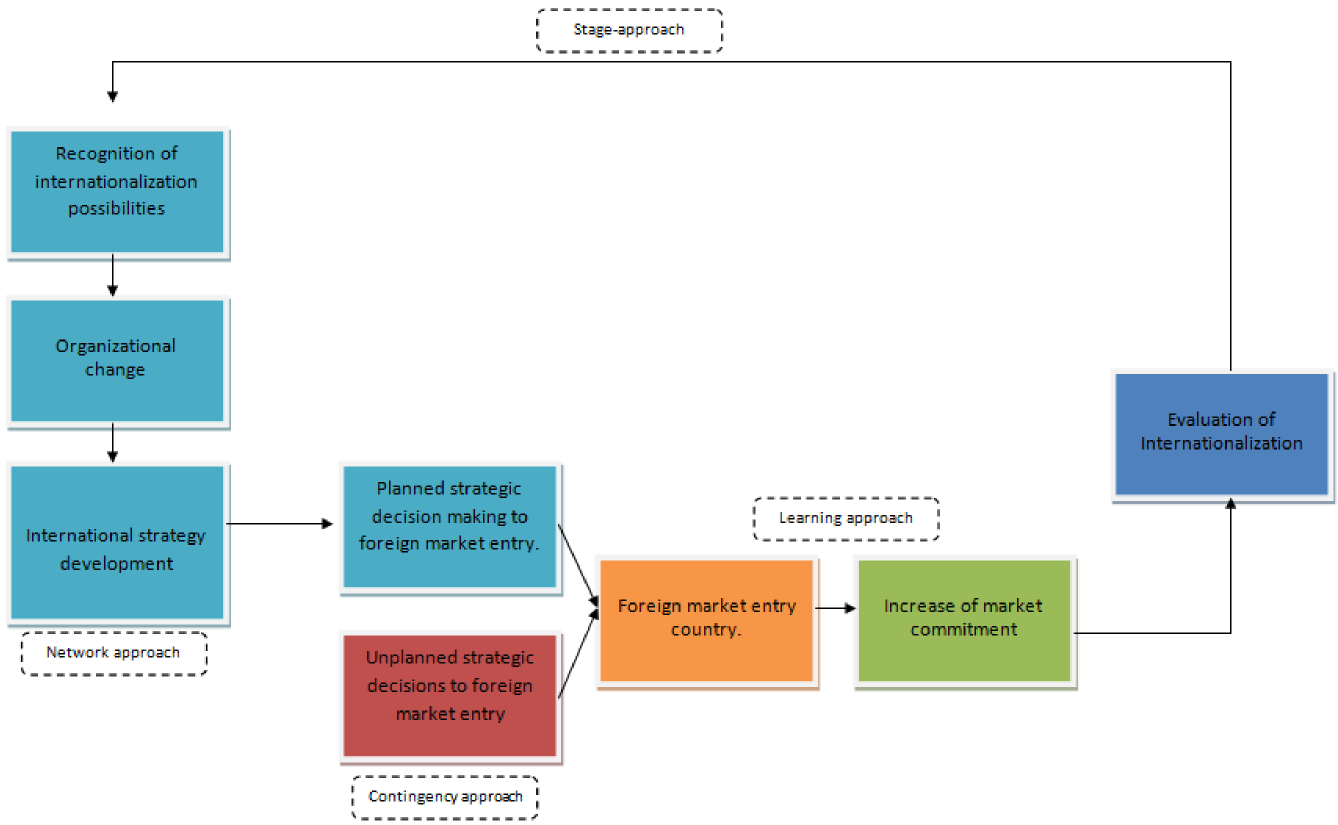

Figure 5: Initial solution design

This model might give the idea that the starting point of the internationalization model is the awareness and recognition of internationalization possibilities by the organization. Though, this is not necessarily the first step of the internationalization process of a firm. With this is meant that internationalization does not necessarily start with the recognition of possibilities, but might for example also start suddenly due to unexpected circumstances. Therefore, the steps are not numbered. However, the recognition of possibilities is in planned internationalization often the starting point of the process, and therefore the description of this model starts at this 'point'. This stage starts when the awareness of international possibilities increases and leads to curiosity of organizational managers about doing business across national borders. Hereby, it is important that managers establish a sense of urgency. Managers are the key drivers behind the success of international activities. Nevertheless, organizational members must support the plans and should be motivated to achieve the organizations international objectives. Managers should be aware that the organizational attitude toward internationalization should be changed. This is the starting point of the next step, namely organizational change, which indicates that starting new foreign operations will lead to changes. It might be necessary to change the mindset of organizational members towards internationalization. The daily activities of at least a part of the organizational members will change. This because they will be actively involved in the internationalization process. The next step is the development of an international strategy, which includes issues such as the development of vision and mission statements; the development of short and long term objectives; and the selection of suitable strategies for foreign markets. Strategies are developed on management levels. Though, the strategic plans should be communicated throughout the organization. At the starting point of an organizations internationalization process, it is most likely that firms enter countries with a low perceived psychical distance. The development of a global strategy involves decisions such as *where* and *how* the organization is planning to market its products. *Where* refers to the selection of countries and markets, whereas *how* refers to the entry mode decisions. After the developed of an international strategy, foreign market entry will follow. Entering foreign markets will, if the activities are not rejected, lead to an increase of market commitment. This will be explained in more detail below. The evaluation of the foreign activities is the next step. The results of the foreign market activities are evaluated which might lead to adoption and extension of the export activities, but could also possibly lead to rejection or strategy adjustments. The evaluation of foreign activities can take place in multiple points of time, and also during running activities in foreign countries (e.g. every month). After evaluating the foreign activities, and also during foreign activities, new ideas and opportunities might result in additional foreign activities. This indicates that it is an ongoing cycle of events, whereby the complete cycle does not necessarily have to be fulfilled in order to start with other international activities.

Multiple scholars state that internationalization depends on a firms' relationships and networks. These relationships and networks might explain a part of the internationalization process of organizations, however they do not fully explain the process. It is argued that organizations internationalize their activities without using their existing network. Nevertheless, mapping the network of the organization should be integrated in the development of the international strategy. This can help organizations to recognize international opportunities and identify organizational strengths. Network mapping is in this model seen as planned strategic decision making for starting international activities.

The developed model supports the learning approach, which argues that knowledge is considerably important in the internationalization process. A distinction between general and market specific knowledge can be made. Market specific knowledge plays a central role in the selection of foreign markets. This type of knowledge can be learned though experimental knowledge. The developed model supports this point of view. Organizations are learning through their foreign operations, which will eventually lead to a higher degree of commitment in foreign markets. Thus, in other words this model supports the learning approach. Knowledge should be seen as an aspect of human resources, and like other resources, these resources have to be managed. Managing these resources is not only an operational issue, but also a strategically issue. This because a strategy is limited by organizational knowledge. Therefore, the organizational knowledge should be considered during the strategy development.

Existing internationalization process models address the importance of opportunity recognition and the development of organizational knowledge in internationalization. Both can be labeled as planned strategic decisions towards foreign market entry. However, the internationalization process of a firm is not solely influenced by planned strategic decisions. The strategic decision-making process of foreign market entry can be unplanned or irrational as well. With 'unplanned' is meant that the organization is internationalizing without a precise plan (Kalinic, et al., 2013). Existing internationalization models argue that knowledge, to be more specific market knowledge, plays a central role in the development of market commitment. However, the SDMPs concerning internationalization can also be based on effectual logic which also leads to an increase of market commitment, but in this case without an increase of market knowledge. Thus, foreign market commitment can not only be created by an increase of experimental knowledge and market knowledge as suggested in the U-model, but also by effectual logic decisions for foreign market entry. The developed model supports this approach and assumes that internationalization also occurs unexpected and in an unplanned way. Both, planned and unplanned internationalization have impact on the selection of foreign markets and resource allocation.

The establishment of operations in new foreign countries is related to the physic distance between home and host county. Physic distance plays a central role in the international market selection process. Organizations which are starting their international activities are more likely to select foreign markets whit a low perceived physic distance. Following the stage approaches, the developed model assumes that organizations are starting their operations in foreign countries with a low perceived psychic distance. Firms start exploring with exporting to more psychologically distance countries when the firm is an experienced exporter. Thus, it is assumed that internationalization is a stepwise process.

The concept of market commitment is composed by two factors, which are the amount of resources committed and the degree of commitment. The development of foreign activities influences the resource allocation. It is assumed that the amount of resources located in a foreign market increases when the foreign activities in the market increase. The amount of recourses committed to a foreign market is related to the size of investment (e.g. marketing, human resources). Thus, it is assumed that the commitment to a foreign market will increase during the development of foreign activities.

5.3 Verification interviews

A solution design for the business problem solving project has been developed. The goal is to draw valid conclusions at the end of the project. Verification interviews with three members of the organization have been conducted to verify the research findings and the applicability for the organization.

Again, purposive sampling has been used to select the interview respondents. The most representative respondents have been chosen. The respondents are, again, chosen upon their activities and their backgrounds. Furthermore, the roles of decision makers within the organization have been considered. Structured interviews with a limited amount of questions have been used to verify the results (list of question can be found in appendix 3). The aim of the interviews has been explained at the beginning of the interview and all information is handled anonymously. Each responded received their interview summary for verification.

The outcome of the interviews and the adjusted solution design can be found in the next sub-section. The background information of the verification interviews can be found in table 5 (interview summaries can be found in appendix 4).

No.	Date	Time	Location	Duration
1.	17-04-14	11:00	At work	Approx. 34 min
2.	22-04-14	13:00	At work	Approx. 28 min
3.	23-04-14	16:00	At work	Approx. 40 min

Table 5: Background information verification interviews

5.4 Final solution design

Three interviews have been conducted with employees of the organization Rensing to verify the research results. The cause-and-effect diagram after naming and framing has been presented to the respondents at the beginning of the interviews.

The cause and effect diagram gave some of the respondents a better insight in the underlying causes of the business problem solving project problem. Respondent no. 1 was familiar with almost all of these underlying causes, but before presenting the cause-and-effect diagram it was not clear that the factors are related in such a way. The diagram gave a better insight of the situation. Respondent no. 3 was not familiar with all the internal issues, but confirmed the issues after explanation. In general, all three interview respondents agreed that the cause and effect diagram explains the current situation.

The second part of the interviews focused on the validation of the solution design. The initial solution design has been presented and thoroughly explained to all the interviewees.

One of the first issues addressed by two of the respondents is that it was not clear why the 'approaches' are mentioned in the model and to which part of the model they belong. Therefore, the model has been adjusted and two of the approaches are moved into the 'stage' of the model where they belong to. Respondent no. 1 and no. 2 understand the cycle from strategy development (lack of international strategy) to increase of market commitment (foreign market development). Although, they did not fully understand how the internal and external problems could be tackled. After explaining the implementation of a proactive strategy to overcome internal barriers it became clear. Therefore 'proactive strategy' is mentioned in the model.

"*The model follows logical steps which seem to occur over time, but the model gives me the idea that planned and unplanned strategic decision making occur at the same point in time*" (respondent no. 3). The initial design might indeed give the impression that both types of decision making occur at the same point in time. It might even give the idea that a decision between both options has to be made. Therefore, the indistinctness is adjusted in the model by positioning the box 'unplanned strategic decision making' not underneath 'planned strategic decision making, but at different place in the model.

Internationalization of an organization can start in two ways. First of all, the recognition of international possibilities can lead to planned strategic decision making. Hereby, an international strategy is developed and the actions of the organization are thoroughly prepared. The starting point of planned internationalization is labeled with **A** in the revised model (figure 6 on the next page). The route of this way of internationalization is outlined with black lines. Second of all, internationalization can start as a consequence of circumstances, in this model called unplanned strategic decisions for foreign market entry. The starting point is labeled with **B** and the red lines display the route of this model. Thus, two different ways of starting international activities are indicated. Organizations do not have to make a decision between both options.

The interviews verified that the model follows logical steps and can help to explain the internationalization process of firms. Though, the model is not completely self-explaining to people who are not familiar with internationalization theory, and therefore requires some explanation.

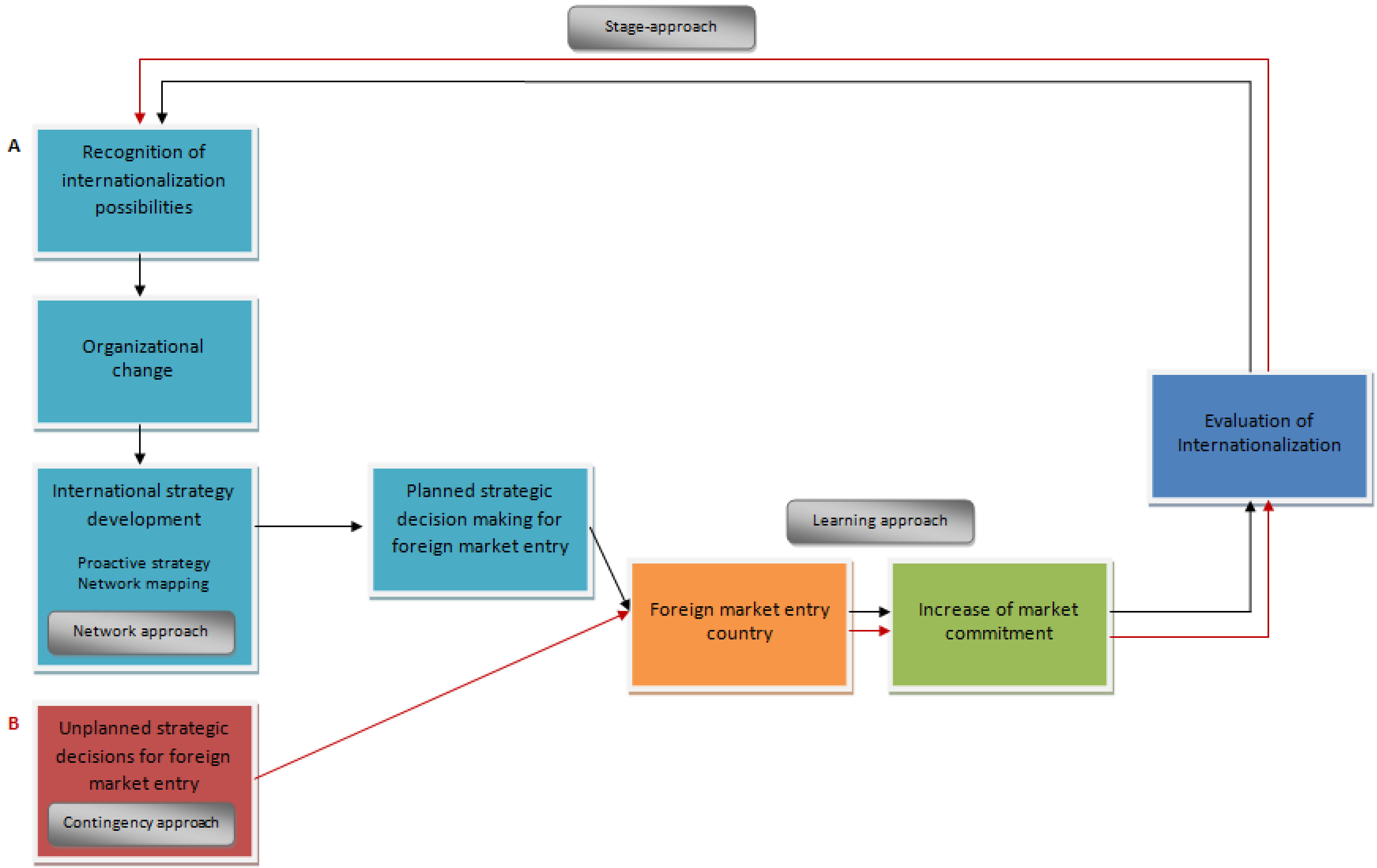

Figure 6: Final solution design

Guidelines for Gebrüder Rensing

The guidelines for internationalizing the activities of Rensing are provided stepwise. Though, this does not necessarily mean that the stage approach is the most dominant approach in the developed model. This approach has been chosen, since it is expected that such an approach is more feasible and likely to be more successfully implemented by managers.

Step 1: Awareness and recognition of international possibilities

Awareness of export possibilities and recognition of opportunities in foreign markets is the starting point of the internationalization process of the organization. The recognition of opportunities is a key driver in the internationalization process of the firm. Therefore, the organization Rensing should identify and recognize the international possibilities. Organizational members mentioned multiple ideas about internationalizing. Examples of these possibilities are the agency agreement in southern Europe and the distribution via confectionaries in eastern Europe.

Step 2: Change in attitude

Starting the internationalization process includes attitudinal and organizational change. Nowadays, most of the customers of the organization Rensing are located in the German market, which also means that the strategy of the organization and most of the activities are related to this market. Starting operations in foreign countries includes organizational change, since the organizational members have to support the activities in order to be successful. Kotter (1995) developed an eight stage change process, which helps to guide organizational change. The author argues that it is important to establish a sense of urgency. The manager of Rensing should have the vision to succeed abroad. Although, it is also important that organizational members become aware of the internationalization plans and that these plans are supported by the members. The employees of Rensing should be motivated to achieve the international objectives of the organization (Loane, et al., 2008).

Step 3: Development of an international strategy

The next step is the development of an international strategy. The lack of an international strategy has been indicated as the root problem of this business problem solving project. The thoughts and ideas about international opportunities are formulated into an international business strategy during this step. This includes the development of vision and mission statements, the development of short and long term objectives and the selection of suitable strategies for foreign markets. The internationalization strategy of the organization is determined by factors such as experience, skills, knowledge and the orientation and knowledge of decision makers (Arranz & Arroyabe, 2009).

It is recommended to implement a proactive international strategy. With this is meant that the organization plays an active role in the process of internationalization and strives to increase foreign activities by, for instance, exporting. The proactive strategy could help Rensing to overcome the internal issues, such as insufficient market knowledge and low cultural awareness, which are identified in the cause-and-effect diagram. As a consequence of the increasing involvement in international activities, it will probably lead to more knowledge and routines. Moreover, the competences of the organization will grow, thus Rensing could overcome limitations concerning resources. Furthermore, Rensing should use network mapping to recognize opportunities and plan international activities (e.g. starting foreign activities in southern Europe though a Spanish partner).

Thus, it is recommended that Rensing develops a proactive international strategy whereby the organization uses network mapping (the network of Rensing and Terwege) and takes into account the organizational characteristics and resources such as knowledge.

Step 4: Starting foreign activities in counties with a low physic distance

A significant body of literature supports that physic distance plays a central role in the international market selection process. The concept is shaped by the differences between home and host county. Generally, it can be stated that organizations are most likely to start foreign activities in countries with a low perceived physic distance. It is advised that Rensing starts its international operations in countries with a low perceived physic distance. During the business project it became clear that that these countries are most likely to be the German speaking countries (Austria and Switzerland) and the Benelux countries. Especially The Netherlands, since Rensing is located near to the Dutch boarder and besides this, the organization used to export to The Netherlands in the past.

Step 5: Evaluation of foreign activities

The next step will be the evaluation of the export activities. With this is meant that the results are evaluated. This might lead to the adoption and extension of the export activities in a foreign country, but could possibly lead to a rejection or strategy adjustments.

Chapter 6: Evaluation of the conducted research

The first sub-section of this final chapter will answer the main research-question. The discussion and limitations are discussed in the following two sub-sections. Suggestions for further research are discussed in the last part of this chapter.

6.1 Answering the main research-question

The main goal of this research was to study how the organization Rensing should internationalize its businesses. Moreover, the goal was to identify the key elements of the firm's internationalization process. The main research question was defined as: *How should (a firm with the characteristics of) Gebrüder Rensing GmbH & Co. KG internationalize its businesses and what are the key elements of this firm's internationalization process?*

A practical approach, which followed the regulative cycle, has been used to develop the solution design. During this cycle, multiple sub-problems have been identified. Insufficient foreign market development has been identified as the BPS project problem. The lack of an international strategy has been identified as the root problem. A complete list can be found in the table below.

Type of problem	Identified issue
Root problem	Lack of international strategy
Organizational problem	Organizational characteristics
Organizational problem	Limited resources
Internal problem	Lack of market knowledge
Internal problem	Low cross-cultural awareness / Psychic distance
Internal problem	Marketing communication tools
Internal problem	Longer adoption time
Internal problem	Limitations: financial, management time, human resources and capabilities
External problem	Low brand awareness in foreign countries
BPS project problem	Insufficient foreign market development

Table 6: List of identified problems

The final solution design combines several internationalization approaches which are all valuable for tackling the identified problems.

An organization such as Rensing can, roughly said, internationalize its businesses in two ways: planned and unplanned strategic decision making for foreign market entry. Though, the planned variant is suggested, whereby a proactive internationalization strategy should be developed. To tackle the root problem, it is suggested to development an international strategy. Rensing is a small and medium sized enterprise, these organizations are often facing barriers when internationalizing. There are two types of barriers, internal barriers (such as lack of market knowledge, financial limitations, marketing, human resources and production) and external barriers (such as political and social-cultural conditions). Internal and external barriers can occur in every point of the internationalization process. However, organizations which implement a proactive strategy are more likely to be confronted with external barriers instead of internal barriers. This can be partially explained by the fact that organizations which are proactive gain knowledge about foreign markets and are developing competences over time. An organization will, though the implementation of a proactive strategy, gain (experimental) knowledge about markets which can overcome internal issues, such as: lack of market knowledge, management time and low-cross cultural awareness. Thus, it is suggested that organizations development an international strategy and plan strategic decision making to enter foreign markets to overcome internal barriers, gain knowledge and increase market commitment. However, an organization such as Rensing can, in addition to the planned foreign market entry, also be confronted with unplanned foreign market entry.

Thus, an organization such as Rensing should develop a proactive international strategy which includes network mapping for recognizing opportunities. The implementation of a proactive internationalization approach, so planned strategic foreign market entry, should help to overcome internal barriers and lead to organizational learning.

The introduction of a proactive international strategy should be feasible for organizations such as Rensing. Organizations which increase their amount of proactive marketing have to conduct market research to learn more about foreign markets. However, this knowledge can also be partially gained through experimental knowledge. A combination of market research and experimenting can help organizations such as Rensing to gain knowledge rapidly and overcome knowledge gaps. It should be realized that, if managers are planning strategic international actions on their own volition, they need to create a sense of urgency. Furthermore, managers have to communicate the international objectives to the organizational members. The organizational members need to support the plans in order to be successful. More important is that organizational members have enough time for the related activities. SMEs, such as Rensing, should realize that the implementations of a proactive international strategy results in more resource allocation to internationalization. It is expected that Rensing, and organizations such as Rensing, are able to implement a proactive strategy.

6.2 Discussion of the findings

The internationalization process of a firm is one of the most researched topics in international marketing literature since the past thirty years (Fletcher, 2001). There are two main streams of internationalization research in the extensive body of literature. On the one hand, the factors which are causing internationalization and on the other hand the internationalization process of a firm is often researched. The identified research problem deals with insufficient foreign market development. Multiple problems, such as internal and external problems, have been identified in the cause-and-effect diagram. It is remarkable that almost all of these problems are identified in the available literature, especially in the literature about the internationalization of SMEs.

The lack of an international strategy turned out to be the root problem of this business problem solving project. The literature supports the importance of an international strategy. However, none of the respondents literally mentioned that the organization has a lack of an international strategy.

There are various internationalization approaches and theories about internationalization available in the literature, such as the stage approaches, the contingency approach, network theories and the learning approach. This study confirmed that all these approaches and theories somehow explain the internationalization process of the organization.

Thus, it is found that the identified problems of this project are already identified in the available literature and suggestions to overcome these problems are provided as well. A link between several internationalization approaches and the context of the organization under study can be made. Nevertheless, it is found that these approaches and theories only partially explain the internationalization process of the firm and are not necessarily practical relevant for managers in the field. An integrated model which combines multiple approaches to describe the internationalization process of an organization such as Rensing is not available in the literature yet. Therefore, this study adds something to the available literature and is valuable for the ongoing discussion about the internationalization process of a firm.

The purpose of this study was to develop valid general knowledge to solve field problems. The proposed solution design should not only be valuable for Rensing, but also for similar organizations with the same characteristics. By developing a solution design which is based on 'key-concepts', it is strived to develop a model which is valuable for other organizations as well. It is expected that the solution design can also be used by other organization. Though, the unreliability of generalizability of a small sample study cannot be overcome. Further research which validate the results of this research can strengthen the generalizability of the findings.

6.3 Limitations

Interviews are used as data collection method, which is one of the limitations of this research. Biases such as interviewer bias and interviewee bias (response bias) might have been occurred. The interview summaries have been provided afterwards to all the respondent to verify the results and to reduce the risk of misinterpretation. Though not all respondents made use of this opportunity. The interviews are thoroughly prepared, the purpose of the interviews is clearly defined, and the answers of the respondents are tested by re-asking. This should have helped to reduce biases, but does not guaranty that no biases occurred.

Ways to strengthen the reliability of research are standardized questions and large sample sizes. Though, both aspects were, like in most business problem solving projects, not possible and suitable for this project. Rensing is a relatively small organization with a limited number of employees. Therefore, a large sample was not possible in this case. All interviewees are employees of the company Rensing, and are working for a long time and closely together. It might be that the employees have a similar mindset and similar ideas. This might have influenced the diversity of answers during the interviews. It is likely that the interviews would have been more diverse in a large organization.

Another limitation, which again has to do with data collection, is the sampling technique used. A non-probability sampling technique has been chosen to select the interview respondents. This influences the statistical conclusion validity. It is possible to generalize the results of the research, but not on statistical grounds. Moreover, the usage of the purposive sampling technique cannot overcome the unreliability of a small sample. Nonetheless, the technique helped to select the most appropriate cases.

Internationalization is a process which occurs over time. It is surprisingly that the dimension time is neglected in most studies. Longitudinal studies about the internationalization process are relatively rare. Due to time constraints for this business problem solving project, it was not possible to conduct a longitudinal study. This can be identified as a research limitation.

6.4 Future research

There is an extensive body of literature about internationalization and the internationalization process of the firm. Internationalization is a process which occurs over time. It is surprisingly that a dominant body of the available literature is about issues such as the determinants of internationalization. A relatively small part of the available literature is based on longitudinal studies. Therefore, one suggestion for further research are longitudinal studies about the internationalization process of a firm.

Many scholars address the importance of knowledge in organizational learning. The link between knowledge and organizational resources is made. Though, knowledge is more than an organizational recourse. A suggestion for further research is to study the link between knowledge and the international strategy. Even more interesting would be to study the effect of organizational knowledge and the success of the international strategy, and how it evolves over time.

There are multiple approaches of internationalization available, such as the stage approach, the network approach and the contingency approach. All of these approaches explain in some way the internationalization process of a firm. During this business problem solving project, a model has been developed which combines several approaches and fits to the organization under study. For further research, it would be highly interested to further develop and test an integrated model which combines the available approaches of internationalization.

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Appendices

Appendix 1: Interview protocol of the exploratory interviews

Introduction – Purpose of the Interviews

The purpose of this interview is rather explorative. The interview is conducted to gain extra knowledge and insights about the defined 'initial´ problem definition. The initial problem definition is defined as: *´The operations of the organization are mainly focused on the German market, whereby insufficient attention is paid to the further development of foreign markets´*. The interviews should help to explore the causes of the problem. The interview is divided in four sections to get a deeper understanding of the current situation, the problems and barriers of internationalization, the ideal situation of Rensing and the boundary conditions of the BPS project. The list of questions can be found below.

Questions:

Theme 1: The current situation of internationalization

1. What is the current situation of Gebrüder Rensing concerning internationalization?
2. Was Gebrüder Rensing ever internationally active?
3. Are there any internationalization plans or ideas within the organization?

Theme 2: Problems & barriers

4. What factors caused that Gebrüder Rensing is not internationally active at the moment?
5. What caused that internationalization plans and ideas are not ruled out?
6. What are the consequences of not being internationally active?

Theme 3: The ideal situation of Gebrüder *Rensing GmbH & Co. KG*

7. What is in your opinion the ideal situation of Gebrüder Rensing concerning internationalization?
8. Where do you see the organization in five years concerning internationalization?
9. How should Gebrüder Rensing realize the internationalization process?
10. Where do you see the potential of being internationally active?

Theme 4: Boundary conditions

11. What are the boundary conditions of the solution design?

Appendix 2: Interview summaries of the exploratory interviews

Respondent 1

Organization: Gebrüder Rensing GmbH & Co. KG

Theme 1: The current situation of internationalization

Rensing is at the starting point of the internationalization process. The main target market of Rensing is Germany at the moment. Rensing had a booth during the fair Schweissen & Schneiden in Essen and the A&A in Düsseldorf in 2013. Foreign potential customers visited Rensing's booth and were interested in the products. Rensing gathered the contact information of these potential customers and is in contact with these potential customers. As a result of this, protective clothing has been sold to a few new customers in Switzerland and Austria.

There is potential to sell the products of Rensing within Europe. The activities of Rensing mainly focus on the production of protective clothing which have to be certificated according to European standards. Selling products outside Europe is not interesting, because these norms and certifications solely apply to Europe. Occasionally, European companies which operate outside Europe require protective clothes which are certificated according to European standards. Countries outside Europe, like for instance America, have other requirements and certifications. Within Europe, there is potential in a lot of countries, such as Germany, Benelux (The Netherlands, Belgium and Luxemburg), France, Spain, Portugal and of course the countries where German is national language like Austria and Switzerland.

Rensing used to have two sales representatives in The Netherlands before Terwege GmbH bought the organization. Rensing was not actively in contact with the customers and had no influence on the sales in The Netherlands, which is seen as a disadvantage. The sales activities of the sales representatives ended in autumn 2011. Rensing does have the contact information of the former Dutch customers, but no products are sold to these customers after autumn 2011. The Netherlands is a potential foreign market and the organization should export to The Netherland again, since Rensing used to export products to this market.

Rensing has several plans to internationalize its businesses. First of all, exhibitions on trade fairs should help to get in contact with potential foreign customers, like during the A&A and Schweissen & Schneiden. Furthermore, it is planned to set up export operations within Europe and hire an export employee. Moreover, Rensing has since autumn 2013 a business partner in Spain which should push the sales in Spain, Portugal and France.

Theme 2: Problems & barriers

All European norms and certifications concerning protective work wear apply for all European countries. Nevertheless, Rensing does not know the customer demands in foreign European markets. Furthermore, it is also not clear where end-users buy their products, e.g. directly from the manufacturer or via trade organizations. There is no/less contact to foreign potential customers at the moment. Another barrier could be that Rensing has insufficient knowledge of the country specific business practices. An additional issue which is concerned as a barrier is language. The employees of

Rensing speak German and English. Nevertheless, a native speaker is preferred from the customer side during conversations about custom made work wear or the details of the certifications. Rensing mainly focused on the German market until now. Pricelist and prospects were solely available in German, this changed a couple of months ago. However, not all marketing communication tools are available in English at the moment. Since Terwege has international experience, the experience of the organization should be transferred to Rensing.

At the moment, Rensing does not force the export and did not hire a person which is responsible for export. The brand Rensing is implemented approximately two years ago, the former organization used to sell the work wear without brand name. As a result, the brand awareness of Rensing is not that high in Germany. The brand is not know abroad at all, this requires marketing communication which is time consuming. Having a brand which is not know abroad has disadvantages, because a lot of time has to be invested. Nevertheless, it has also advantages because customers, like trade organizations, cannot compare the prices which makes it possible to implement an independent price policy.

Theme 3: The ideal situation of Gebrüder Rensing GmbH & Co. KG.

The ideal situation will be when Rensing is distributing and selling products throughout Europe. However, the organization is certainly not in the position to tackle all European countries equilaterally, partially due to manpower. Our target market should be central, western, and southern Europe. Selling products to the eastern part of Europe is likely to be difficult, since many manufactures of work wear and protective work wear are located in this region. Rensing has an agent in southern Europe which is concentrating on Spain, Italy, Portugal and France. Nevertheless, it might be difficult the export products to these countries because of the economic situation. Furthermore, it might be interesting to enter the Scandinavian market. However, Rensing does not have many experience about the habits in this market. There are many big rivals located in this area. Benelux is the most interesting part of Europe. Especially The Netherlands and Belgium, because Rensing is located near to the Dutch boarder and Rensing used to export to The Netherlands. The organizations goal is to export to the southern European countries (Spain, Portugal, France, Italy) via an agent, to the Benelux, England, Austria and Switzerland within five years.

Fairs are important for Rensing to get in contact with new potential (foreign) customers. As follow up, it is important to have intensive conversations with these potential (foreign) customers. The intensive conversations with the potential customers are the starting point of internationalization.

Theme 4: Boundary conditions

There are a couple of boundary conditions for the solution design. First of all, it should be mentioned that Rensing is a relatively small organization. It is important that as much as possible can be achieved minimum sources, like finance and manpower.

Respondent 2

Organization: *Gebrüder Rensing GmbH & Co. KG*

Theme 1: The current situation of internationalization

The organization Gebrüder Rensing is to a limited extent internationally active at the moment. The organization has a few foreign customers which exist from the past or are a result of the fairs. It should be mentioned that the majority of the visitors at the booths of Rensing are considered as new contacts and potential customers, but are not buying yet. Nevertheless, Rensing is still in contact with multiple potential foreign customers which are located throughout Europe, in countries such as France, The Netherlands and Austria. Rensing has a few foreign customers at the moment and delivered goods to a hand full of them in 2013. These customers are located in Austria and in Switzerland. Furthermore, as a result of the fairs, Rensing delivered samples to a company in Austria and a company in Switzerland.

The organization never focused on exporting work wear and also not on acquiring potential customers in foreign countries. Now, under the lead of a new director, Rensing has several plans to internationalize its business. First of all, Rensing is advised by a consultancy agency which is specialized in advising companies about the market entry in Scandinavia, especially Denmark. Furthermore, Rensing has made an agency agreement with a partner in southern Europe. This agency is responsible for Spain, Portugal, France and Italy. Rensing is producing the majority of its products in eastern Europe. These suppliers are not only manufacturing the work wear, but also strive to sell the products in, for instance, Poland. However, it is difficult to sell protective clothing in eastern Europe because the potential customers are not familiar with the norms of protective clothing. This is one of the reasons why it is more time consuming to sell products there. Nevertheless, Rensing had three customers in Poland in 2013. Rensing exhibited on two fairs in 2013, and its presence at these fairs is important for the organization.

Theme 2: Problems & barriers

One of the main reasons which caused that Rensing is not internationally active at the moment is the major potential in Germany itself. Most of the customers of the former organization Rensing are located in the western part of Germany (Ruhrgebiet). There is still a lot of potential in the other parts of Germany, like for instance the shipyards in the north. Furthermore, Rensing was not known in the southern part of Germany in the past. Rensing has now multiple customers in this region, but there is still a lot of potential. Besides the geographical possibilities, it is also a major advantage that Germany has a lot of big companies which are involved in industrial activities. There are no negative consequences of not being internationally active because there is still enough potential within Germany. Doing business in Germany is easier than doing business across borders.

Some of the international plans of Rensing are ruled out and some are not. The agency agreement in southern Europe started at the end of 2013. Also the distribution via the confectioners in eastern Europe started. The partners are visiting authorities and trade organizations to promote the function aspects of the clothing, like the European norms. Furthermore, Rensing is planning to exhibit on fairs.

One of the plans, which is still not ruled out, is the market entry in Scandinavia. Rensing still has the official documents but did not enter the markets yet.

Theme 3: The ideal situation of Gebrüder Rensing GmbH & Co. KG.

The ideal situation will be if Rensing has customers across the border in the near future. Moreover, it would also be ideal if Rensing can increase sales within Germany. Due to other norms and standards, it is not interesting to sell products outside Europe. The ideal situation would be if the exhibitions on the fairs are successful, and result in multiple customers which are buying on a regularly basis. Furthermore, in the ideal situation it would be great if the concepts in southern Europe and eastern Europe turn out to be successful. With this is meant that Rensing has multiple customers throughout southern Europe (France, Italy, Spain and Portugal), and eastern Europe, in countries such as Poland. Rensing is interested in entering foreign markets because, similar products are needed in those countries and it can increase the sales of the organization.

There are no competitors in the industry where Rensing should look like. This is because it is not possible to get accurate insights of rivals. Rensing basically sees what is available for everyone. Rensing does not have role models in the industry. Bigger rivals do not have the possibilities to work in such a way as Rensing does. With this is meant that Rensing is producing custom made work wear and protective work wear already from a low minimum order quantity, which is not possible for bigger competitors. These organizations are mostly importing products and are not producing in Europe.

Theme 4: Boundary conditions

The main boundary condition of the solution design will be the human capital. Rensing is a relatively small organization, and therefore the employees have limited time available for internationalization. As an example, getting in contact with and making offers for foreign potential customers is much more time consuming than for German customers. "*In the time that I handle one foreign customer, I can do three German customers*". One of the causes is the language barrier.

Respondent 3

Organization: *Gebrüder Rensing GmbH & Co. KG*

Theme 1: The current situation of internationalization

Rensing is not really internationally active at the moment. The organization has a few foreign customers which are located in Austria and Switzerland. Rensing used to be a weaving company. Rensing used to sell equipped fabrics such as PROBAN® fabrics, which protect against flame and heat. The former organization sold the fabrics not only in Germany but also in foreign countries. However, the former organization Rensing did not sell work wear to foreign customers and after the takeover Rensing is still mainly focused on the German market. Nevertheless, Rensing is planning to internationalize its business. First of all, Rensing contacted a consultancy agency which is specialized on advising German companies which are planning to enter the Scandinavian market, or more specifically, the Danish market. Rensing has an agency in southern Europe since the end of 2013. This agency is responsible for the sales in Spain, Portugal, France and Italy. Furthermore, the organizations strives to sell products in eastern Europe trough distributing the products via the manufactures. Rensing had three customers in Poland in 2013. Besides these plans is Rensing planning to hire a person which is, among other things, responsible for export. The organization is also planning to exhibit on foreign fairs to get in contact with foreign potential customers and gain more knowledge about marketing practices.

Theme 2: Problems & barriers

Rensing could be roughly separated into two parts in the past. The main part used to be the fabrics (approximately 70%), and the other part work was work wear (approximately 30%). The work wear part used to be '*second choice*'. With this is meant that this part did not receive as much attention as the fabric part, and less time and money was invested in this part. As a result, Rensing did not export work wear at that time. After the takeover, a lot of time is invested in the local market and now the organization is planning to go abroad.

Rensing has four different models to internationalize its business, as mentioned before under theme 1. The agency model in southern Europe, the distribution model in eastern Europe, and the direct sales to The Netherlands and Belgium are already implemented. Rensing did not start to enter the Scandinavian market yet, since it was advised to start a subsidiary there before doing business. This is the most expensive model, and therefore the organization focuses on the other potential foreign markets.

Theme 3: The ideal situation of Gebrüder Rensing GmbH & Co. KG.

The ideal situation of Rensing would be if the organization is exporting products to all mentioned European countries in southern Europe, eastern Europe and the Benelux. It is also important that the brand Rensing is know in these countries. It the ideal case is 25% of the total sales generated in foreign countries in five years. It makes less sense to sell products outside Europe because of other norms and standards which are required, which is also related to other certifications. Achieving this within five years is unrealistic. Furthermore, there is still a lot of potential within Europe and doing business in Europe is much easier than outside Europe. This because of duty and increasing handing and transportation costs.

There is no role model within the industry for Rensing. A rough distinction between two types of suppliers can be made. First of all, the bigger competitors which have a standardized assortment and are mostly producing overseas. These firms mainly focus on work wear and not on protective work wear. Second of all, there are multiple suppliers within the industry which mainly focus on protective clothing. These organizations are comparable with Rensing, but might differ in size. These competitors follow basically the same business model, as far as the respondent knows, and are also mainly concentrated in the German market.

Theme 4: Boundary conditions

One of the boundary conditions is that the foreign sales should concentrate on the European market. Furthermore, it should be mentioned that Rensing is a relatively small organization with limited manpower.

Respondent 4

Organization: Gebrüder Rensing GmbH & Co. KG

Theme 1: The current situation of internationalization

The former organization Gebrüder Rensing could be roughly separated into two part parts. On the one hand, Rensing was producing fabrics such as PROBAN® fabrics, which is used for the production of welding protective work wear. The fabric part used to be the main activity of the organization and Rensing was selling its products in Germany and in multiple other countries. The new organization Rensing, with this is meant after the takeover, is not producing fabrics anymore, because this part is sold to another organization. On the other hand, Rensing was and still is a manufacturer of work wear and protective work wear. This was not the main activity of the former organization and therefore less time and money has been invested in the related activities. Nevertheless, Rensing had multiple big customers within Germany, such as the German army. The activities of this part of the organization did not focus on foreign countries. Rensing had only a few foreign customers for work wear back then. Nowadays, the organization is still focused on the German market and has only a few foreign customers in German speaking countries, such as Switzerland and Austria. So, concluding Rensing used to be more internationally active but not with the activities where the organization is focusing on nowadays.

There are a couple of plans to increase the international activities of the organization. First of all, Rensing is producing its products in eastern Europe and the manufacturers are trying to sell the protective work wear in these countries, mainly Poland. A big issue is that these potential customers are not familiar with European norms and standards. The manufactures operate as distribution channels and they acquired three new customers in Poland in 2013. Furthermore, Rensing has found an agency agreement with a Spanish partner which strives to sell the products in the southern European counties, such as Spain, Portugal, France and Italy. A major advantage is that that this agency has the ability to have conversations in the mother tongue of the potential customers. Rensing used to have an agency agreement with two Dutch salesmen which were responsible for the sales in The Netherlands and Belgium. They had multiple customers, mainly throughout The Netherlands, which bought work wear and protective work wear. The agency agreement ended a few years ago. The problem is that these salesmen worked completely independently and that the organization had no influences on their sales activities. Nevertheless, Rensing sees potential to grow in this region and is planning to hire a person which is, among other regions, responsible for the sales in The Netherlands and Belgium. Again, it is important to speak the mother tongue.

Theme 2: Problems & barriers

Rensing used to focus on the production of fabrics, as already mentioned before. This is also the main problem why the organization is not internationally active at the moment. The organization did not invest time and money in international activities. After the takeover, the organization had to reorganize and concentrated on the already existing customers which were mainly located in the western part of Germany. There is still a lot of potential for Rensing within the German market. This is also one of the main reasons why the organization is not internationally active at the moment. Doing business in the domestic country is easier as doing business in foreign countries. Rensing has sufficient knowledge of the domestic market conditions, customer habits, and so forth, but insufficient knowledge of foreign country specific business practices.

All of the internationalization plans of the organization are taken into action. With this is meant that the suppliers are trying to distribute products in eastern Europe and that the agency in southern Europe is active as well. Nevertheless, these activities just started and the partners do not have strict sales targets. Still, the main activities of the employees in Germany focus on the German market. There are no direct consequences for the organization of not being internationally active. Germany is one of the biggest markets for protective work wear, since there are strict norms which are mainly introduced by the German government. The county has a lot of industrial firms which all need work wear and/or protective work wear.

Theme 3: The ideal situation of Gebrüder Rensing GmbH & Co. KG.

The best case scenario of Rensing would be when the organization could increase its market share and sales within Germany and additionally an increase in sales in foreign European countries. Rensing should, besides focusing on the domestic market, focus on the European market, because the organization is producing protective work wear with is certificated according to European standards. It makes no sense to export these products overseas, since other certifications are required and the transportation cost increase enormously. Even within Europe the transportation cost increase rapidly, especially if a country is located more far away from Germany. Each transportation box can have a maximum weight of approximately thirty-one kilograms. Protective work wear is heavy and voluminous and therefore the total value of a full box is relatively low. The share of transportation cost increase rapidly.

Nevertheless, in the best case scenario is Rensing exporting products to the Benelux, eastern Europe, and southern Europe in five years. Furthermore, Rensing should export products to German speaking countries such as Austria and Switzerland. There is still a lot of potential within Europe to increase the total sales of the organization.

Theme 4: Boundary conditions

Rensing is a small organization which does not have the ability to invest effort in all European countries at the same time, mainly due to manpower restrictions. Direct sales to foreign countries is a time consuming process, because the brand Rensing is not know. This has, on the other hand, the advantage to use an independent pricing strategy. The organization has limitations concerning human resources and financial capabilities. The solution design should be adjusted to these factors.

Respondent 5

Organization: Gebrüder Rensing GmbH & Co. KG

Theme 1: The current situation of internationalization

Terwege GmbH bought a part of the organization Rensing a few years ago from Borgers, including the company and brand name. Terwege bought the work wear and protective work wear part. The former organization Rensing did not have many foreign customers for the work wear segment, the majority of the customers were located in Germany. The organization had a few customers in other German speaking countries. Still, the organizations main target market is Germany and there is still a lot of potential within the German market. This because the majority of the customers are located in the western part of Germany.

Rensing has several ideas to internationalize its businesses. First of all, the organization has exhibited on two fairs in the autumn of 2013 to get in contact with existing/potential domestic and foreign customers. Second of all, the organization was in contact with a consultancy agency which is specialized in the market entry in Scandinavia, especially Denmark. This consultancy agent advised to establish a subsidiary in Scandinavia. Third of all, Rensing is manufacturing its products in eastern Europe. These suppliers requested if it is not only possible to produce the products, but also distribute the products. The suppliers started with the sales in eastern Europe in 2013, especially in Poland. It turned out to be hard because the (potential) customers are not familiar with European norms and standards. Furthermore, these potential customers buy more price aggressive and are not willing to buy protective work wear if normal work wear is much cheaper, even if protective work wear is required. Nevertheless, Rensing had three new foreign customers in Poland in 2013. Fourth of all, Rensing has, an agency agreement with a Spanish partner which is responsible for the sales in southern Europe (including Spain, Portugal, Italy and France). This agreement exists since the end of 2013 and did not result in any buying customers yet. Nevertheless, the agency is in contact with several potential customers which also received samples. Last of all, the former organization Rensing used to have an agency agreement with two salesmen which were responsible for the sales in The Netherlands and Belgium. They worked independently, which is considered as a disadvantage because Rensing had no influence on their activities and sales. Nevertheless, these salesmen had buying customers in The Netherlands and therefore Rensing is planning to hire a salesman which is responsible for these regions.

Theme 2: Problems & barriers

The organization Rensing is not internationally active at the moment, because the former organization did not have many foreign customers. The takeover was a time consuming process, since the employees of Terwege, which are now partially working for Rensing as well, had to learn a lot about the organization, the products, the target markets, and so forth. Rensing is still focusing on the German market, since the organizational focus has always been the German market and because there is still a lot of potential within this market. Basically, it can be said that the former organization lacked the international focus which has consequences on today's international activities. Another problem is that the organization is not completely prepared to internationalize its business, because internal documents and marketing documents such as pricelists and prospects were solely available in German until the end of 2013. Furthermore, the organization is relatively small compared to bigger competitors in the industry. This has advantages, such as higher flexibility and more ability to produce custom made work wear. However, it has disadvantages as well, like for instance, the organization needs more time to implement new product innovations and technologies.

Three of the four strategies to expand international operations are rolled out at the moment. The distribution strategy in eastern Europe, the agency agreement in southern Europe and the direct sales to the Benelux started. Rensing did not establish a subsidiary in Scandinavia, because this is the most devious strategy. Rensing is not experiencing any negative consequences of not being international active, there are only chances to increase its sales volume.

Theme 3: The ideal situation of Gebrüder Rensing GmbH & Co. KG.

The goal of Rensing should be to increase sales within the domestic market, but also to increase its international activities. The protective work wear of Rensing is certificated according to European standards and this makes it possible to sell the products in Europe. Selling products overseas means that the products have to be certificated according to other standards and norms which makes no sense at the moment. It is also not realistic to achieve this in five years. Furthermore, there are still enough possibilities within Europe. Selling products overseas can only make sense if European companies are operating overseas and require European certificated products. Exporting normal work wear overseas is not interesting, because the transportation costs are high, which increases the selling prices and prices play mostly a substantial role in the buying process. The best case scenario would be if Rensing is active in multiple countries throughout Europe (Benelux, southern Europe, eastern Europe and perhaps even Scandinavia). Rensing is experimenting with four different concepts as mentioned before (direct sales, distributions, an agency and establishment of a subsidiary). The realization of the internationalization process depends on the results of these strategies.

Theme 4: Boundary conditions

The solution design should be realistic and achievable for Rensing. The characteristics of Rensing and the capabilities of the organization should be kept in mind. The solution design should be adjusted to the strengths and weaknesses of the organization.

Appendix 3: Interview protocol of the verification interviews

Introduction – Purpose of the interviews

The purpose of this interview is to verify the results of the conducted research. The problem definition was defined as: '*The operation of the organization are mainly focused on the German market, whereby insufficient attention is paid to the further development of foreign markets*'. The exploratory interviews helped to identify the causes of the problem. The cause-and-effect diagram after 'naming and framing' has been presented to the respondent as well as the solution design. The list of questions can be found below.

Questions:

Theme 1: Cause-and-effect diagram

Do you recognize the identified problems in the cause-and-effect diagram?

Is the cause-and-effect diagram a logical explanation of the problem?

Theme 2: Solution design

Is the solution design self-explaining?

Is something unclear in the designed model?

Can you confirm the applicability of the design for the organization Rensing?

Do you have any suggestions for changes?

Appendix 2: Interview summaries of the verification interviews

Respondent 1

Organization: Gebrüder Rensing GmbH & Co. KG

The developed cause and effect diagram gives a good presentation of the underlying causes of the identified business problem. The respondent recognizes all of the identified issues, although it was not clear how they are connected. The diagram gives a logical explanation of the causes. However, the respondent mentioned that the organizational characteristics should not be a real constraint or problem for internationalization. There are various small and medium sized enterprises which are successful in foreign markets.

It is clear what is meant in the model, however the respondent did not fully understand how this model tackles the identified internal issues. The interviewer explained the respondent how these issues could be tackled. It is unclear why the four approaches are mentioned in the design and what they add to the model. It is not clear to which part of the model they belong. The respondent would suggest to change this.

The respondent confirmed the applicability of the design for Rensing. A development of an international strategy and more structure concerning international activities should help to overcome internal barriers.

Respondent 2

Organization: *Gebrüder Rensing GmbH & Co. KG*

There are a couple of problems listed which I would not directly think of when you would ask me to identify define the causes of the problem. Although, this gives me new insights in the underlying causes of the problem. The organization does indeed have a lack of an internationalization strategy.

All the listed issues are translated into key-concepts. It takes some time to translate this into the situation of Rensing. Overall, it can be said that the cause-and-effect diagram gives a logical explanation of the problem.

The solution design is somewhat general, this also counts for the cause-and-effect diagram. All the individual steps are self-explaining and most of the steps are in a logical order. It is not directly clear how the solution design could help to overcome some of the in the cause-and-effect diagram named issues, especially the internal issues. The model could perhaps be adjusted, or something can be added, so that it is more clear how these problems can be tackled. I am wondering to which step or box of the model the several mentioned approaches belong. I do not see the added value of mentioning these approaches. Though, the designed model can be used by Rensing and give insights in how the organization can develop its internationalization process in order to increase foreign activities.

Respondent 3

Organization: *Gebrüder Rensing GmbH & Co. KG*

The cause-and-effect diagram includes some problems which the respondent did not have in mind. This does not mean that they are incorrect. The developed cause-and-effect diagram gives a logical explanation of the causes. Nevertheless, the diagram gives the feeling that the organization has a lot of internal issues. The organization is not struggling with the listed problems on a daily basis. The respondent mentioned that the organization might, and will probably, face these problems when internationalizing, but do not occur for activities in the domestic market. The diagram explains the problem context of Gebrüder Rensing concerning internationalization. But, as mentioned before, the organization does not face the identified problems and issues on a daily basis.

The developed solution design is partially self-explaining to the respondent. It is believed that the model is only self-explaining to people who are familiar with internationalization theory. One of the first thinks which raises questions are the four mentioned approaches. It is not clear what is meant and to which part of the model they belong. It seems to be that internationalization occurs in logical steps which occur over time. However, the model gives me the impression that planned and unplanned strategic decision making occur at the same point in time. It would be better to adjust the model to avoid confusion.

The model can be used by the organization Rensing. I do also think that it is important that the organization develops an international strategy. There is still a lot of potential for Rensing in the European market. Rensing should gain market knowledge and develop suitable foreign market strategies.