

Antecedents of Sequencing Strategies in Dutch and German SMEs: The Role of Network Competence

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Disclaimer

This project is a joint effort between three students from the University of Twente and the Technical University of Berlin. This section, aside from offering clarification for any suggestive plagiarism, aims to reiterate the distinctive nature of this thesis specifically. The major difference between aforementioned projects of team members and this thesis is the varying focus on constructs. A systematic literature analysis of Cultural Intelligence and Network Competence in relation to sequencing is included in this thesis. Network Competence as an antecedent of sequencing strategies represents the main focus of this thesis, in addition to the inclusion of Cultural Intelligence and Global Mindset.

Because of the nature of the collaboration, certain sections of the methodology as well as theory chapters are shared. Additionally, the same conceptual model was used during interviews and transcripts were shared in order to gather the empirical data in the most efficient way.

Abstract

This multi-method study aims to explore how Network Competence affects an SME's choice for implementing a sequencing strategy. In addition, other potential antecedents including Cultural Intelligence and having a Global Mindset are taken into account. The relationship between the choice of strategy, either sequenced or not, and firm performance is also analysed. The research question of this thesis is stated as follows:

Does the level of Network Competence, Cultural Intelligence and having a Global Mindset influence the selection of a sequencing strategy?

Previous studies with regards to sequencing have only considered the strategy itself and possible outcomes for firms without discussing the determinants of choosing a sequencing strategy in the first place. Antecedent factors were derived from the revised Uppsala Model in which Network Competence, Cultural Intelligence and Global Mindset are included, either directly or implicitly, to be relevant to the internationalisation process of a firm (Johanson and Vahlne, 2009). Elevating the relevance of this study further, specific calls have been made to shed more light on Network Competence of the firm in relation to internationalisation (Ritter and Gemünden 2003; Ritter et al. 2002).

In this thesis, it is proposed that a high level of Network Competence, Cultural Intelligence and Global Mindset will positively contribute to firms implementing a sequencing strategy. Additionally, it is proposed that firms using a sequencing strategy perform better than those who do not.

This study takes on a predominantly qualitative approach. While it is argued why the selected antecedents could contribute to firms implementing a sequencing strategy, the selection of antecedents is not deemed complete. Insights from interviewees could, therefore, help in steering future research directions and contribute to more extensive implications. To explore the propositions, first, qualitative interviews with the CEO, founder or entrepreneur of 15 technology-focused SMEs headquartered in The Netherlands and Germany were conducted and analysed. These firms all have a high proportion of R&D spending relative to their revenue and are active in at least three different international markets. As this was a joint project between three students, the coding process of the interviews was done collaboratively and results were peer-reviewed when necessary. Results were reported in a similar way compared to Bingham (2009) in which tables are presented with different quotes supporting the level of each construct of every participating firm.

The second part of the methodology included the distribution of a survey among the interviewees containing established scales for each antecedent construct as derived from the literature. This paper includes the mode score from the survey of every construct to strengthen results. The link between sequencing and firm performance was also reported in a similar way to Bingham (2009), with a graph showing firm

performance for each international market making graphical distinctions between the firms that used a sequencing strategy and those that did not.

Ultimately, there was no sufficient evidence found for any of the propositions to be supported. This may be largely due to the limited amount of interviewees indicating to have used a sequencing strategy as well as the level of heterogeneity in the developmental stages of the selected firms. Although a number of cues were found pointing to the importance of the selected antecedents when internationalising in general, additional research is required for exploring these relationships in greater detail.

As for managerial implications, a number of findings stand out. First of all, when in the market position of relying primarily on the firm networking capabilities when going abroad it is important to note a large amount of resources may be spend initially on the setting up of a network from scratch. In this case, being able to initiate new networking relations as well as maintaining existing ones will likely become part of daily activities. This may, in the early stages of internationalisation, become very resource intensive while at the same time being difficult to measure in terms of return on investment. Secondly, data suggests a sufficient level of Cultural Intelligence is desirable for foreign success, especially in the language department. When a firm is doubtful of competences in this regard it might be effective to make use of external parties like agents, distributors or account managers to compensate for the lack of firm Cultural Intelligence. Another recurring theme in the results was the relevance of adapting products according to local demand. Some firms even indicated to not enter a market at all before they had any unique product to offer. The legislative systems seem to play a large role in estimating the profitability of a market before entering as well, which can differ radically even in local regions.

This study links to previous research in the following ways. First of all, it examines the level of Network Competence among recently internationalised technology-focused firms situated in the Netherlands and Germany. Tokkeli et al. (2012) has pointed out wanting to examine specific industries more thoroughly in the context of areas outside of Finland. This study addresses this call partially, since it does offer a selection of firms that are all technology driven. The selection of firms presented in this study however does diverge in terms of industry type. Secondly, it contributes to internationalisation strategies by concretely isolating sequencing strategies and for the first time considering antecedent factors that could be of influence for firms to implement such a strategy in the first place. Previous studies have instead opted to focus on the internationalisation process itself by examining different firm characteristics (Lindell and Karagozoglu, 1997; Lindqvist, 1991), characteristics of the founders (Boter and Holmquist, 1996; McDougall, Shane, and Oviatt 1994; Murray, 1996; Roberts and Senturia, 1996) and internationalisation theories (McDougall, Shane, and Oviatt, 1994). Other studies have taken antecedent factors like networks into account when firms are in fact internationalising and measure their success but do not address these antecedents by linking them to the choice of strategy (Johanson and Vahlne, 2009).

Table of Contents

Disclaimer.....	3
Abstract.....	4
Table of Contents.....	6
1. Introduction.....	7
1.1 Previous Research.....	8
1.2 Gap in the Literature and Relevance.....	10
1.3 Objective and Research Question.....	10
1.4 Research Design.....	11
1.5 Contributions to the Theory.....	11
2. Theory.....	13
2.1 Sequencing.....	13
2.2 Network Competence.....	13
2.3 Cultural Intelligence.....	18
2.4 Global Mindset.....	21
2.5 Firm Performance.....	22
2.6 Conceptual Model.....	23
3. Methodology.....	24
3.1 Firm Selection.....	24
3.2 Operationalisation.....	24
3.3 Data Gathering Method.....	27
3.4 Data Analysis.....	27
3.5 Description of codes.....	28
4. Results.....	30
4.1 Firm Information.....	30
4.2 Internationalisation Strategy.....	32
4.3 Network Competence.....	35
4.4 Cultural Intelligence.....	41
4.5 Global Mindset.....	43
4.6 Sequencing and Firm Performance.....	45
5. Discussion and Conclusion.....	47
5.1 Discussion and Limitations.....	47
5.2 Conclusion.....	50
References.....	52
Appendix 1: Semi-Structured Interview Protocol.....	59

1. Introduction

There are multiple ways companies can choose to approach international business. One of the key strategic decisions managers need to make when venturing out of the local marketplace concerns selecting suitable international markets to expand to. This facet of international entrepreneurship has become an important consideration for companies. The process in which companies tend to internationalise can be radically different. Some are drawn into markets because of customer demand while others prefer a more structured approach. One of the more structured approaches as researched by Bingham (2009) is called a sequencing strategy, in which firms select a chain of countries to expand their business toward, often for strategic purposes. Other firms may choose to address markets in isolation.

With globalisation and international entrepreneurship on the rise, companies in today's competitive environment seem obliged to be part of a larger global network. Networking activities in general have thus become an important part of strategic management when internationalising (Gulati, 2007; Gulati, Nohria, & Zaheer, 2000; Jarillo, 1988; Lavie, 2007). For this reason managing those networking activities at company level, referred to as Network Competence (Ritter, 1999), will be the focus of this thesis in the context of sequencing strategies. The level of Network Competence, as will be explored, may be an antecedent factor for firms selecting a sequencing strategy over a non-sequential internationalisation process.

When internationalising, different cultural premises will be encountered. Being able to cope with these diverting cultural context often times has revealed competitive advantages for those distinct companies (Livermore, 2011). This ability is called Cultural Intelligence. On top of the cultural dimension, there are many market differences in foreign countries. Appreciating and managing these differences along with the ambition to view the world as a place in which one needs to operate on a local level in order to meet specific demands is called having a Global Mindset (Dekker, 2016).

This research considers mainly how Network Competence influences whether a sequencing strategy is used in the context of technology driven Dutch and German small- and medium-sized enterprises (SMEs) when internationalising. Furthermore, other possible antecedents like Cultural Intelligence and having a Global Mindset will be taken into account as well as subsequent firm performance in foreign markets.

Network Competence, Cultural Intelligence and Global Mindset were not randomly selected as antecedents for this study. The revisited Uppsala Model indicates them to be important factors when it comes to internationalisation (Johanson and Vahlne, 2009). In this model, a number of factors are outlined as part of the basic mechanism of internationalisation. Network position is mentioned as one of these factors as well as knowledge and learning. Network Competence contributes to the positioning of a firm inside a network, which can lead to more power and trust in said network (Zaheer, Gözübüyük & Milanov, 2010). Trust building is also mentioned in the

Uppsala model. Furthermore, the concept of relationship-specific knowledge is added to the model, which has to do with the interaction between two parties in a network and points directly to one of the sub-dimensions of Network Competence (Ritter, 2002). The study further suggests entering a market without some form of network in a foreign country can lead to outsider issues and thus potentially results in missed opportunities (Johanson and Vahlne, 2009).

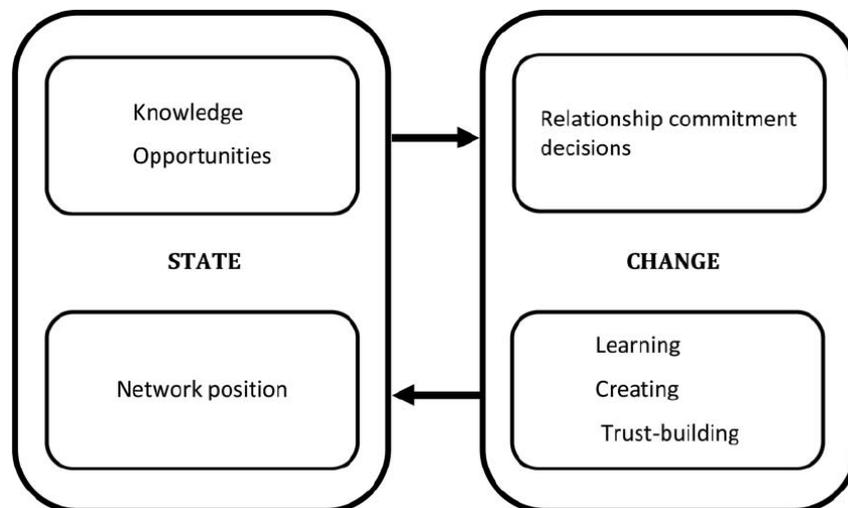


Figure 1 Uppsala Model: The Basic Mechanism of Internationalisation – The Business Network Model (Johanson and Vahlne, 2009)

The revised Uppsala model addresses Cultural Intelligence and Global Mindset under the denominator of knowledge and learning. A lack of institutional market knowledge has been found to negatively effect internationalisation efforts (Johanson and Vahlne, 2009). This type of knowledge has to do with the legal system and language in a foreign market, which is covered by the construct of Cultural Intelligence (Ang, Dyne, Koh, Ng, Templer, Tay & Chandrasekar, 2007). Furthermore, in the model, learning and particularly acquiring market-specific knowledge can alter the firm’s view of foreign markets and capabilities which would make subsequent development in foreign markets possible (Johanson and Vahlne, 2009). This relates well with the construct of Global Mindset as it is by definition concerned with balancing organisational capabilities and resources in favour of globalisation (Dekker, 2016). Overall, all three antecedents selected are part of the revised Uppsala model, either directly or implicitly, and seem to be of interest when it comes to internationalisation in general. As Network Competence, Cultural Intelligence and Global Mindset are linked to steering internationalisation directions, they might be interesting to study as potential antecedents to specific strategic decisions like sequencing as well.

1.1 Previous Research

Previous research on market selection has looked at individual entries. For example, the market selection process in the context of high technology firms has been discussed by Burgel and Murray (2000). They suggest the entry mode decision is based on balancing out the available resources and customer support requirements

as well as technology progression of the firm and experience in domestic markets. Findings furthermore suggest an organisation capability perspective to be a better determinant for market entry mode compared to stage theory or transaction costs. Another notable paper is that of Ghemawat (2001) in which four defining factors were outlined that would influence the choice of a particular country to do business in. These included; cultural, administrative, geographical and economical. The focus on single country entry, meaning an internationalisation process in which case countries are approached in isolation, is apparent in current literature.

Other research takes a different perspective on the internationalisation process in which countries are approached in a systematic way. This is called sequencing. A sequencing strategy can be defined as a specified order of country entries (Bingham, 2009, p. 326). Bingham (2009) has contributed extensively to the literature regarding sequencing strategies. He found the level of improvisation to be an important success factor of these establishments. Additionally, a more systematic approach seems desirable when selecting opportunities, as this would stimulate a long-term mindset and enable a more focused organisation. On the contrary, when executing opportunities, a more improvised approach seems to be more effective as this allows for more flexible behaviour in the organisation (Bingham, 2009). His research focuses on the sequencing strategy itself but does not discuss any antecedents that could result in companies selecting a particular strategy and why.

Other research has focused on various aspects of the firm itself that could be of influence on the internationalisation process. Like the characteristics of company associates and founders (Boter and Holmquist, 1996; McDougall, Shane, and Oviatt 1994; Murray, 1996; Roberts and Senturia, 1996). Findings include from the studied successful technology ventures all had founders with an impressive track record. Additionally, most successful technology-focused firms do not exercise a lot of caution when it comes to approaching markets with a high risk factor and instead allocate resources for the development of said market rather aggressively. Other studies research the various internationalisation theories like stage theory, monopolistic advantage theory, product cycle theory, oligopolistic reaction theory and internalisation theory (McDougall, Shane, and Oviatt, 1994). Findings claim none of these internationalisation theories can explain the structure with which ventures internationalise, as they do not recognise these firms are already heavily involved in the international markets early on. Additionally, these conventional theories do not take the individual entrepreneur into account and instead only consider the process from the level of firm. Contrary to the personnel making up the companies, some studies have focused on fundamental firm characteristics themselves (Lindell and Karagozoglu, 1997; Lindqvist, 1991). These studies highlights factors like age, size and the level of technology and generally find homogeneity in the strategies used between the studied technology-focused firms, meaning firms with a high level of R&D. Further findings include technology-focused firms go international rather quickly, especially in the case of firms with managers that have previous international experience. It is also observed technology-based firms are often part of a network which makes geographical and cultural considerations less important when internationalising. However, none of these studies examine the antecedents of firms choosing a sequencing strategy as opposed to single market entry.

1.2 Gap in the Literature and Relevance

The gap in the current literature does not address antecedent factors that make companies consider using a sequencing strategy when internationalising.

Room for future research on the subject of sequencing and international entrepreneurship extends in many areas. In this paper, the link between the extent to which a firm can initiate and maintain a network, an ability called Network Competence, and sequencing strategies is focused on specifically. There have been specific calls to further explore Network Competence and internationalisation performance (Ritter and Gemünden 2003; Ritter et al. 2002). This has been done before only in the context of environmental hostility (Torkkeli, Puumalainen, Saarenketo & Kuivalainen, 2012) but not with regards to sequencing. Findings included Network Competence showing a positive relation with regards to the tendency for firms to internationalise and generally seems to improve subsequent performance in those foreign markets (Torkkeli et al., 2012). If Network Competence has the potential for firms to succeed in international markets, it seems plausible this effect may be strengthened if firms are indeed using a sequencing strategy when selecting potential foreign markets.

1.3 Objective and Research Question

The objective of this paper is to research if Network Competence, Cultural Intelligence and Global Mindset contribute to firms choosing to implement a sequencing strategy. Furthermore, the study incorporates the link between having a sequencing strategy and firm performance as well allowing further examination in the sense of firms using sequencing strategies, being it because of the pre-defined antecedents or not, having different performance levels. The link between these constructs signifies the contributing to the literature on the existence and development of sequencing strategies in the context of internationalising Dutch and German SMEs. In addition, practical managerial implications providing a better understanding of sequencing strategies for decision makers in firms is a desirable outcome.

Previous studies with regards to sequencing have only considered the sequencing strategy itself with possible outcomes without discussing antecedents for firms to choose a sequencing strategy in the first place. In the literature, specific requests have been made to shed more light on Network Competence of the firm in relation to internationalisation (Ritter and Gemünden 2003; Ritter et al. 2002). Addressing this is one of the reasons this construct was chosen as a possible antecedent of sequencing strategies.

The research question for this paper is stated as follows.

Does the level of Network Competence, Cultural Intelligence and having a Global Mindset influence the selection of a sequencing strategy?

1.4 Research Design

In order to make a value contribution to the literature on Network Competence and sequencing strategies, a systematic literature review about Network Competence and Cultural Intelligence in relation to sequencing was conducted. Other students did literature reviews about Sequencing and Global Mindset as part of the joint-effort. The main objective is to provide an overview of the current literature on the main constructs that were selected. Articles were obtained from online databases associated with the University of Twente, including Scopus, Science Direct and EBSCO as well as Google Scholar. Additionally, combining the literature and establishing links between the constructs is part of the subsequent step. This resulted in a conceptual framework with practical propositions, which will be enriched through the findings from content analysis of qualitative data.

The empirical part of this study is two fold. On the one hand, a qualitative approach was taken for obtaining more extensive information on the internationalisation process of interviewee's firms. Limiting these responses to by relying solely on quantitative data in this respect would limit the ability to gain more insight in other possible antecedents for sequencing strategies or the internationalisation process in general. Qualitative data was obtained using semi-structured interviews, the protocol of which can be found in Appendix 1. The second step of the empirical data retrieval included the distribution of a survey to the interviewees in which they filled out scales relevant to the selected constructs. This approach was selected for supporting and strengthening the results taken from qualitative data. Quotes from interviews were taken to assess the level of all constructs, combining them with scores retrieved from a quantitative survey.

1.5 Contributions to the Theory

This study did not find evidence in support for the given propositions that suggest a relationship between the antecedent factors of Network Competence, Cultural Intelligence and Global Mindset and sequencing strategies. Nor does this study replicate findings made by earlier studies suggesting firms using sequencing strategies perform better internationally compared to firms that approached markets in isolation (Bingham, 2009). That being said, the significance of these constructs was generally well recognised by respondents in the context of international business overall. Furthermore, interesting patterns were observed when comparing interviewee responses. These observations point to the managerial implications that are highlighted by this study. When going abroad, the following remarks were mentioned most often by participants and should be taken note of when venturing into foreign markets. Firstly, it is important to adapt products and innovations according to local demand as well as the marketing message that is being attached. Secondly, when the firm's Cultural Intelligence or market knowledge is doubtful, the use of external agents, distributors and accountant managers can be very useful. Language was most often mentioned as the factor that limited the cultural competence of a firm. Finally, the task implementation aspect of Network Competence was mentioned most often in describing international success. This concept has to do with the initiation and maintenance of new and existing networking

relations respectively, highlighting the importance of visiting expos and other marketing and networking events.

This study contributes to the streams of research on Network Competence and internationalisation strategies in the following ways. First, it contributes to the literature on Network Competence by taking the construct not as a condition for internationalisation success, but by researching it as a potential force of influence in the selection of a type of internationalisation strategy. Secondly, it contributes to internationalisation strategies by concretely isolating sequencing strategies and for the first time considering antecedent factors that could be of influence for firms to implement such a strategy in the first place.

2. Theory

2.1 Sequencing

There are many strategies that could be selected for expanding to international markets; one way is by implementing a sequencing strategy. Bingham (2009) defined a sequencing strategy, or sequencing for short, as a “*specified order of country entries*” (p. 326). This order can be based on multiple elements. For once, sequencing can be based on the similarities in culture between the home country of the firm and the new foreign market that would be entered. Various scholars have addressed this sequencing pattern (Johanson and Vahlne, 1977; Hofstede, 1980; Hollensen, 2008; Kogut and Singh, 1988). Also, it can be based on the size of the market, which would be entered (Davidson, 1980; Ellis, 2008). Thus, sequencing can be used as a way in which a company can expand internationally in a structured and coherent way. Bingham (2009) has examined a number of sequencing strategies companies go through when internationalising. There are many different examples of sequencing strategies and argumentations for when an internationalisation story counts as sequencing. Therefore, the number of types of sequencing strategies is not established.

The key to successful market entry has to do with the level of improvisation during opportunity selection versus the execution part (Bingham, 2009). According to findings made by Bingham (2009), companies will experience the most success when entering foreign markets when a low level of improvisation is present during the selection of the opportunity, enabling the company to be efficient and rational. This contradicts studies arguing the flexibility as a consequence of a high level of improvisation is required given the ever-changing environment (Oviatt and McDougall, 1994; Zahra, 2005). When the opportunity has been selected and is ready to be executed, a higher degree of improvisation seems best as this would provide the necessary mindset to change course and adapt to circumstances quickly in order to avoid sunken costs (Bingham, 2009). These characteristics are present in a sequencing strategy, as the opportunity selection is very specific while the execution part remains open for firms to change along the way. It is for this reason firms implementing a sequencing strategy are proposed to be more successful in terms of firm performance compared to those that do not.

2.2 Network Competence

2.2.1 Systematic Literature Analysis Method

In order to research the relation of Network Competence and sequencing strategies specifically, a systematic literature analysis based on methodology as presented by Tranfield, Denyer and Smart (2003) was conducted. Questions answered by means of this review were as follows; what is Network Competence, what does Network Competence consist of, how can Network Competence be measured, what are the outcomes of Network Competence and how does Network Competence relate to sequencing strategies.

Keywords used for the systematic literature analysis of Network Competence consisted of “Network Competence” OR “Network” AND “Sequencing” OR “Sequencing Strategy” OR “market entry”. The latter of the keywords was added after the fact when the earlier three did not deliver a sufficient amount of studies. Databases used for this literature analysis included Scopus, Science Direct, EBSCO and Google Scholar. Additionally, the snowballing technique was used for obtaining more relevant articles.

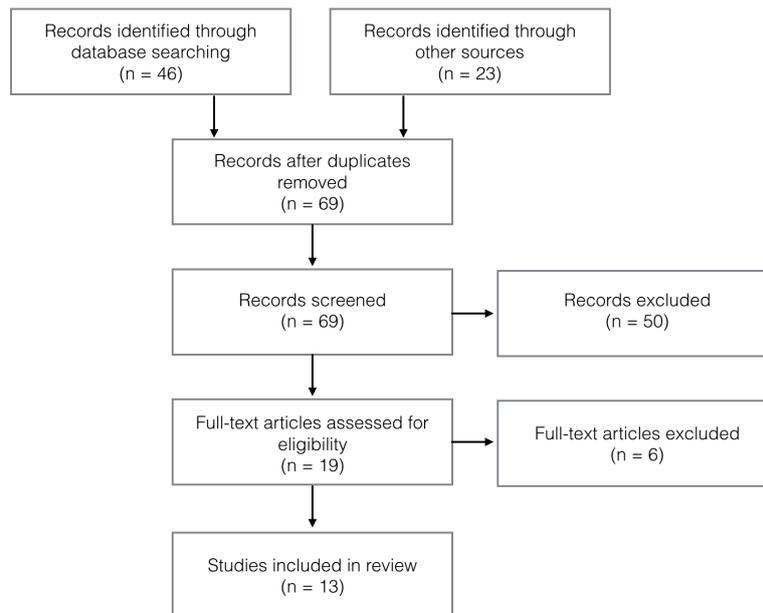


Figure 2 Structural literature analysis of Network Competence.

2.2.2 Systematic Literature Analysis Results

When considering networks in general three levels of analysis are possible (Zaheer et al., 2010). These include the ego, dyadic and network level respectively. The ego level considers connection on a personal level and is thus the lowest level of analysis. The dyadic level considers links between organisations. The highest level of analysis is a whole network in which entire inter-organisational networkers are deliberated. Networks can serve a wide variety of purposes. On a whole network level, it has been suggested favourable positions can enable greater resource access, a higher level of trust among network partners and bring the organisation in a position for exerting power and control (Zaheer et al., 2010). Furthermore, a sustainable competitive edge also gets strengthened from a more powerful position in a network (Ziggers and Henseler 2009; Dyer and Singh 1998).

The term competence as part of Network Competence is often times interchangeably used with capability and thus in need of some clarification as to what is implied in the context of this paper (Zerbini et al. 2007; Ritter 2006). Whereas capabilities of a firm are defined as either ways to reevaluate competences in order to deal the rapid external environmental developments (Teece et al., 1997) or processes for properly distributing assets in order to reflect market changes. Competences on the other

hand are multifaceted skills and gathered knowledge used by firms in organisational processes and aids the management of undertakings and the usage of assets (Day, 1994). When the competitiveness of the firm derives from what it considers to be its most important competences and products, said competence may be considered “core” to the firm. Mascarenhas, Baveja and Jamil (1998) defines such a core competence as a particular activity a firm is good at, this is not exclusive to technological knowledge alone as it cannot be copied by the competition and is considered beneficial to the end user. Ritter (2002) clearly considers Network Competence as one of these core competences to a firm.

Network Competence has been researched previously by linking it to innovation performance of the firm and showing positive results (Ritter and Gemünden, 2003, 2004; Chiu, 2008). Torkkeli et al. (2012) published a quantitative study on firm survival and international success while controlling for the affects of environmental hostility in the firm. Findings included a high level of Network Competence makes it more likely for SMEs to internationalise and has a positive relation to subsequent performance. However, thus far, no studies have focused on the link between Network Competence and its influence of having a focused sequencing strategy.

Studies have also concluded networks are in fact a major driver for expanding business through export (Naudé and Rossouw, 2010), which tends to be the preferred way for growth in the case of SMEs (Bonaccorsi, 1992). Doole et al. (2006) specifically pointed out the relevance of having links to foreign markets, as it seems to enhance export performance to a great extent. Other authors have indicated networks and alliances do not only help SMEs initiate the internationalisation process to begin with, but also help them achieve a sustainable competitive advantage (Majocchi et al., 2005). For SMEs that have already gone abroad, Network Competence seems to be of equal importance compared to the beginning of the process in order to sustain a durable competitive advantage (Knight and Cavusgil, 2004).

For the purpose of this paper, the definition by Ritter et al. (2002) will be used. This construct is defined by the author as the ability of firms to “*develop and manage relations with key suppliers, customers and other organisations and to deal effectively with the interactions among these relations*” (Ritter et al. 2002, p.119). According to this source, Network Competence is comprised of two primary components, the task implementation as well as the qualifications part. These branches are each subdivided further into two more dimensions. Task implementation is a combination of relationship specific and cross-relationship abilities, which point to the firms’ aptitude in maintaining, initiating and coordinating single relationships as well as abilities to maintain a network of connected relationships as a whole (Ritter, 2002). The following figure reveals an overview of the construct as described.

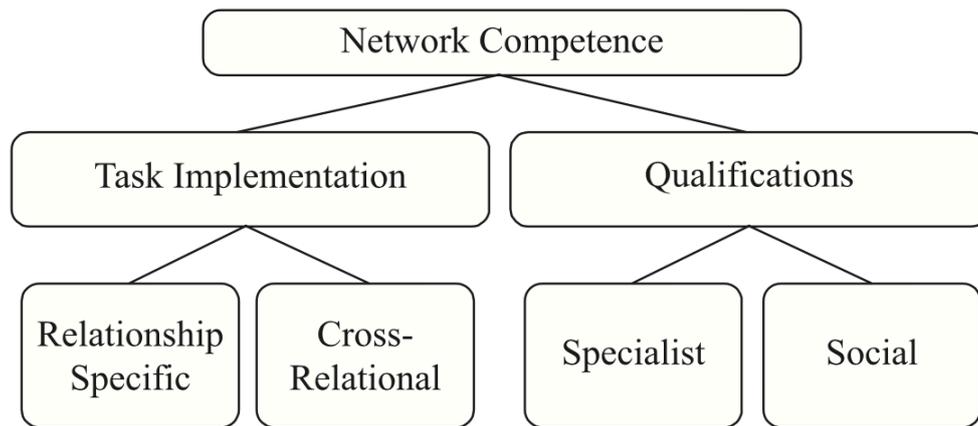


Figure 3 Breakdown of Network Competence (Ritter, 2002).

Measurement of all of these sub-dimensions was done using the NetComp Test developed by Ritter (2002). This will be further elaborated upon in the methodology section.

Studies linking Network Competence to sequencing strategies do not yet exist. However, there has been a variety of research linking the concept to internationalisation in general, which will be reviewed in the following sections.

Having a high level of Network Competence as a firm can result in many benefits. Firstly, having strong Network Competence, along with market knowledge, is related to growth, efficiency and effectiveness of the firm (Awang, Ahmad, Said, Asghar and Kassim, 2013).

Torkkeli (2014) points out Network Competence is something that has to be developed first, before the advantages can be exploited. Despite this finding, many firms do not develop their Network Competence until later in the expansion process. This might be due to a preference for more local networks.

Network Competence is divisible into four sub-categories. The literature points to internationalisation advantages for each of these dimensions, except the social dimension. In the next three paragraphs, these advantages will be explored.

The link between the first sub-dimension of Network Competence and advantages it brings to internationalisation are as follows. The relationship specific dimension of Network Competence has been found to be positively related to the chance of SMEs to go international. Their subsequent success and profitability is further catalysed by other dimensions of Network Competence, specifically the activities related to maintaining existing network partners (Torkkeli, 2014). O'Toole and McGrath (2013) add experience with initial relations within a network is related to having long-term repeated customers. Furthermore, enabling SMEs to control the foreign market entry process both initiating new network relationships as well as maintaining and using current ones are required for international success (Loane and Bell, 2006).

The link between the second sub-dimension of Network Competence and advantages it brings to internationalisation are as follows. In addition to relationship specific competences, cross-relational competence has also been found to positively relate to firm performance, specifically by contributing to gaining returning customers (O'Toole and McGrath, 2013). Business deals and partnerships are a catalyst for internationalisation in general; the long-term success of these enterprises depends on a mutual commitment and therefore relies on existing network partners and the maintenance thereof (Wai and Noichangkid, 2012). Furthermore, relations between supplier and customer as well as collaboration between different organisations at multiple stages of the production and marketing process is indeed important (Colapinto, Gavinelli, Zenga and Gregorio, 2015).

The link between the third sub-dimension of Network Competence and advantages it brings to internationalisation are as follows. Specialist knowledge contributing to a network seems to be of great importance when it comes to information acquisition and sharing of expertise, joint problem solving and innovation drive (O'Toole and McGrath, 2013). Another advantage is products being adapted to local demand in a better way. This sharing of knowledge contributes to firm growth, efficiency and effectiveness (Awang et al., 2013). Wai and Noichangkid (2012) point to the many benefits born-global firms, which internationalise from inception, have from shared knowledge and resources specifically, saying:

“Born-global firms gain the benefits of joint R&D and joint production advantages. Our findings explain these benefits are the mutual benefits of born-global firms and the alliance partners. The effective use of personal and external network ties have the advantages of lowering the transaction costs and enabling to reach of the right customers effectively and efficiently. Also, the external support agencies support born-global firms by providing market knowledge, consulting, and information on customers, suppliers, re-sellers and alliance partners (p. 82).”

Networks and Network Competence are recognised as essential resources for born-global SMEs (Wai and Noichangkid, 2012). This suggests for firms to be involved with international markets quickly, which is what born-globals are from inception (Kudina, Yip & Barkema, 2008), a high level of Network Competence is required. Furthermore, in order to adapt to local demand and innovate radically, the business and management literature recognises Network Competence as critical (Canning and Szmigin, 2016). Torkkeli (2014), thereby reaffirming the notion made by Ritter and Gemünden (2004) before saying that Network Competence “*is an integral part of having a successful business strategy in general*” (p. 688). Torkkeli (2014) extends this statement to include internationalisation strategy as well adding, for sustained international success, firms should be capable of dealing both at the network- and dyadic-level of business relationships.

In this paper, a high level Network Competence is proposed to be positively related to firms choosing a sequencing strategy. Being competent in the implications of this construct seems to contribute favourably to international efforts in general. In the case of technology-focused firms in particular as they are often part of a networking community, like in the case of Silicon Valley and therefore should be able to possess

a larger quantity of market knowledge and ideas on where blue oceans are situated ready for exploration. It could thus be possible for firms to have more specific strategies on where to enter next and subsequently construct a more carefully thought-out country chain. Additionally, as some cultures depend more on long term relationships than others, being competent at initiating and maintaining networking partners could well depend on subsequent success in nearby regions making a structured exploration of countries with similar features a possibility.

Proposition 1: A high level of Network Competence is positively related to firms implementing a sequencing strategy.

2.3 Cultural Intelligence

2.3.1 Systematic Literature Analysis Method

A systematic literature analysis based on methodology as presented by Tranfield, Denyer and Smart (2003) was conducted in order to research the relation of Cultural Intelligence and sequencing strategies specifically. Questions answered by means of this review were as follows; what is Cultural Intelligence, what does Cultural Intelligence consist of, how can Cultural Intelligence be measured, what are the outcome of Cultural Intelligence and how does Cultural Intelligence relate to sequencing strategies.

Keywords used for the systematic literature analysis of Cultural Intelligence consisted of “Cultural Intelligence” AND “Sequencing” OR “Sequencing Strategy” OR “market entry”. The latter of the keywords was added after the fact when the earlier three did not deliver a sufficient amount of studies. Databases used for this literature analysis included Scopus, Science Direct, EBSCO and Google Scholar. Additionally, the snowballing technique was used for obtaining more relevant articles.

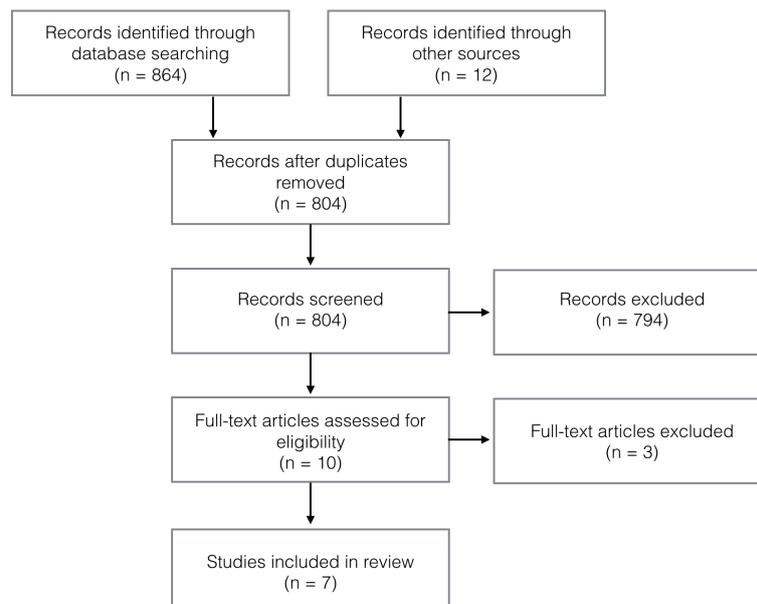


Figure 4 Structural literature analysis of Cultural Intelligence.

2.3.2 Systematic Literature Analysis Results

Cultural Intelligence is defined in different ways depending on the context. Earley and Ang (2003) were one of the earliest to conceptualise Cultural Intelligence as an individual's capability to conform to new cultural contexts in an effective way. Thomas and Inkson (2003) added more details in specific actions through which Cultural Intelligence could be recognised. These include having a fundamental understanding of, and mindful approach towards, intercultural interaction and developing an intercultural skillset comprised of behavioural traits. Later definitions accredited more emphasis on difference in culturally bound gestures and thus contributing to the development of a repertoire of intercultural skills. According to these sources, Cultural Intelligence may also be defined as the natural ability for interpreting and mirroring these unknown and arbitrary gestures (Early and Mosakowski, 2004). Subsequently acting upon these differences in order to function effectively in multicultural situations would indicate a high level of Cultural Intelligence as well (Earley and Peterson, 2004).

Later sources all tell a similar story in the sense the emphasis in defining this construct is placed both on effectively functioning in multicultural settings as well as the individual's ability to cope with unfamiliar situations (Offermann and Phan, 2002; Earley, Ang & Tan, 2006; Thomas, 2006; Ang et al., 2007; Thomas, Elron, Stahl, Ekelund, Ravlin, Cerdin & Maznevski, 2008; Dyne, Ang, Ng, Rockstuhl, Tan & Koh, 2012). Therefore, in the case of this research project, Cultural Intelligence is synthesised as a firm's ability to gather, interpret and act on differences in cultural settings enhancing the effective conformation to unfamiliar cultural situations. Note all cited sources describe Cultural Intelligence on a personal level indicating the constructs concerns a personality trait as opposed to a firm characteristic. The conceptualisation of Cultural Intelligence in this paper will however be reflect on the firm as a whole.

The concept of Cultural Intelligence can be split up into a number of sub-dimensions. Earley and Ang (2003) were the first to propose four dimensions. These include; cognitive, metacognitive, motivational and behavioural (Earley & Ang, 2003; Earley & Peterson, 2004; Ang et al., 2007; Dyne et al., 2012). Cognitive ability is expressed in the way someone has both general and specific knowledge about the culture and context. Motivation exemplifies the extent to which individuals are able to express cultural empathy and have self-efficacy. Behaviour, furthermore, has to do with the person's ability to express acceptable behaviour in an unfamiliar cultural context. Other theories suggest or add other dimensions including knowledge and mindfulness (Thomas & Inkson, 2003; Thamas, 2006). However, Dyne et al. (2012) has proposed 11 sub-dimensions to the four mostly used ones that will allow knowledge and mindfulness to be included in the form of cultural-general and -specific knowledge and awareness. In this paper, these sub-dimensions will not be given special attention as they are implied in the selected measurement methodology anyway.

Results of a high level of Cultural Intelligence have been well documented in the literature. Some highlight practical implications like more effective decision-making, communication and leadership in a cross-cultural context, leading to a higher level of

cultural adaptation and performance (Thomas & Inkson, 2003; Earley & Mosakowski, 2004; Ang et al., 2007). The interest of international careers and necessary complementary multicultural trainings because of the diversification of the workforce are also possible outcomes (Earley & Ang, 2003; Earley, Ang & Tan, 2006). Overall, all outcomes point towards more effective intercultural interactions in the form of conformation on a personal level, between parties and the performance with which activities are conducted (Thomas et al., 2008).

Similarly to Network Competence, Cultural Intelligence has not yet been researched specifically in relation to sequencing. The influence of Cultural Intelligence on doing international business has however been quite well documented. Cultural Intelligence has previously been recognised as an important personality trait for top management in international endeavours, like off shoring (Ang and Inkpen, 2008). Calls for specific research have been made however to gather more empirical data on firm level Cultural Intelligence, which is what this paper is partly addressing. Furthermore, a high level of Cultural Intelligence is recognised as a favourable characteristic in the hiring process of new management team members (Ang and Inkpen, 2008; Lovvorn and Chen, 2011) especially because of the rise of diversity among workforces (Crowne, 2008). Cultural Intelligence has additionally been found to mediate the effects between prior intercultural contact and international leadership potential (Kim and Dyne, 2012).

Developing one's Cultural Intelligence on a consistent basis in order to pick up more of the subtleties and ambiguities in different cultural contexts when going abroad seems to be of importance. The link between Cultural Intelligence and Global Mindset further explains how the construct is essentially a deepening of a firm's Global Mindset. This is because Global Mindset as a concept is quite broad and extensive while Cultural Intelligence tends to focus on cultural contexts alone (Earley et al., 2007).

As for intercultural negotiations, an important part of doing business abroad, Cultural Intelligence was found to be a key predictor for the effectiveness of these consultations (Imai and Gelfand, 2010). Apart for advantages when it comes to doing international business like these, Cultural Intelligence carries internal benefits to the firms as well. It has for instance been found to contribute in a significant way to enhancing corporate reputation and employee commitment (la Garza and Egri, 2010).

In this paper, it is deemed plausible for a firm that expresses a high level of Cultural Intelligence to also make use of a sequencing strategy. Bingham (2009) discovered many kinds of sequencing patterns firms may choose to follow, some related to gradually discovering a particular continent. These continents would often have similar cultural characteristics, like the Asian region. It may therefore not be a far stretch in suggesting a high level of Cultural Intelligence in one country will lead to a firm selecting a culturally similar country as part of its next entry as this will likely come with a relevant competitive advantage. This is because of the familiarity the firm already has with the cultural aspects and ways of doing business in that country.

Proposition 2: A high level of Cultural Intelligence is positively related to firms implementing a sequencing strategy.

2.4 Global Mindset

There are a number of ways to conceptualise Global Mindset. Murtha et al. (1998) define Global Mindset as the cognitive processes that consider the balance among competing countries, businesses, and functional concerns. Because of the complexity of the cognitive abilities, however, the term Global Mindset could be defined in diverse meanings depending on the ways of interpretation. For instance, according to Begley and Boyd (2003), the current studies explain Global Mindset in terms of high cognitive abilities and information processing capabilities which support managers to conceptualise complex global dynamics (Jeannet, 2000; Tichy, Brimm, Charan, & Takeuchi, 1992), balance between competing concerns and demands (Begley & Boyd, 2003; Murtha et al., 1998), mediate the tension between the global and the local (Arora, Jaju, Kefalas, & Perenich, 2004; Dekker, 2016), distinguish between the integrate across cultures and markets (Govindarajan & Gupta, 2001; Gupta & Govindarajan, 2002), and scan and pay attention to global issues (Bouquet, 2004; Levy, 2005; Rhinesmith, 1992). Furthermore, in case of Dekker (2016), Global Mindset is defined as a multidimensional set of cognitive attitudes of an individual towards globalisation processes that is positively related to balancing organisational processes like the company's worldwide strategy, organisational structure, corporate processes and power. Dekker's (2016) definition is also related to time zones, implying the ability of balancing time schedules to corporate headquarters.

In general, people or organisations with Global Mindset to drive for the bigger, broader picture, accept life as a balance of contradictory forces, trust organisational processes rather than structure, value diversity, are comfortable with surprises and ambiguity, and seek to be open to themselves and others (Rhinesmith, 1992). In this paper, the definition of Dekker (2016) was taken as this seems to be the most concise. By adopting this definition, it is also possible to introduce a more accurate measurement scale by breaking the construct down into specific sub-dimensions.

The concept of Global Mindset can be divided into a number of sub-dimensions. Based on the argumentation, Dekker (2016) defines the Global Mindset as a multidimensional set of cognitive attitudes of an individual towards globalisation processes that is positively related to the following areas. First, the balancing of global and local developments in the business environment like managerial beliefs and attitudes with regard to macroeconomic developments, governmental issues and events related to social relationships and environmental concerns. Secondly, organisational processes like the company's worldwide strategy, organisational structure, corporate processes and power. Thirdly, cultural differences in the sense of the integration of one's own worldview and those of culturally different ones. And finally, time zones and being able to balance time schedules between corporate headquarters. A review of the concept of Global Mindset can be reviewed in the table below.

Table 1 Assessing the Global Mindset of Organisations (own table, no external source).

Approach/ Dimensions	Local Mindset (international approach)	Universal Mindset (universal approach)	Global Mindset (integrated approach)
Business environment	Local	Global	Global and Local
Organisation	Independent network	Centralized network	Interdependent network
Culture	Ethnocentric	Cosmopolitan	Adaptive
Time zones	x	x	Inclusive

As for the outcomes of having a Global Mindset, Dekker (2016) argues globalisation enables people with many different cultural backgrounds to build new social relationships no longer restricted by national borders. He particularly argues that companies need leaders with a Global Mindset to manage a multicultural global workforce effectively and a Global Mindset of managerial attitudes is positively related to balancing global and local developments in the business environment, organisational processes, cultural differences, and time zones. It is for these reasons expected for companies that have a strong Global Mindset they will enter foreign markets with a higher level of consideration thus increasing the chance of adopting a sequencing strategy.

As a firm with a Global Mindset, there is a willingness make products or services available all over the world regardless of cultural differences and time zones, with global and local presence operating as an independent network. Building up a local presence in a certain part of the world can be quite resource intensive and adapting to local cultures and time differences can bring with it organisational difficulty. It therefore makes sense to tackle areas by region offering similar characteristics of this kind, not to mention it being more efficient. It is thus proposed in this paper a Global Mindset will contribute positively to firms choosing a sequencing strategy as picking a chain of countries rather than approach markets individually will largely make organisational challenges more manageable and resource efficient.

Proposition 3: A Global Mindset is positively related to a firm implementing a sequencing strategy.

2.5 Firm Performance

Firm performance in relation to sequencing has previously been studied and was found to improve when a sequencing strategy was in fact implemented as opposed to another internationalisation approach (Bingham, 2009). The same methodology for measuring firm performance used by Bingham (2009) was adopted in this paper as well. Although the link between sequencing and firm performance is not included in the core of this research and is part of the extended model as will be revealed in greater detail below, it was included for the sake of comprehensiveness and serves to see if previous findings could be replicated and potentially further elaborated upon.

Additionally, it might be possible for additional patterns to emerge in the technology-focused area of SMEs and the choice of antecedent factors to sequencing that were previously undiscovered.

Proposition 4: Firms implementing a sequencing strategy will contribute to a higher level of firm performance compared to firms that do not use such a strategy.

2.6 Conceptual Model

When linking the main research question and aforementioned constructs, the following conceptual model is proposed. It shows possible links between Cultural Intelligence, Global Mindset, Network Competence and Sequencing. Meaning, it is proposed any of these three factors could potentially influence there being a focused sequencing strategy of the participating firms. Subsequently, sequencing could have an effect on the firm performance as a whole. Also, the possibility is taken into account of there being interrelationships between the three exogenous constructs of the model. For instance, an interviewee might indicate a high level of Cultural Intelligence contributes to the Network Competence of the firm.

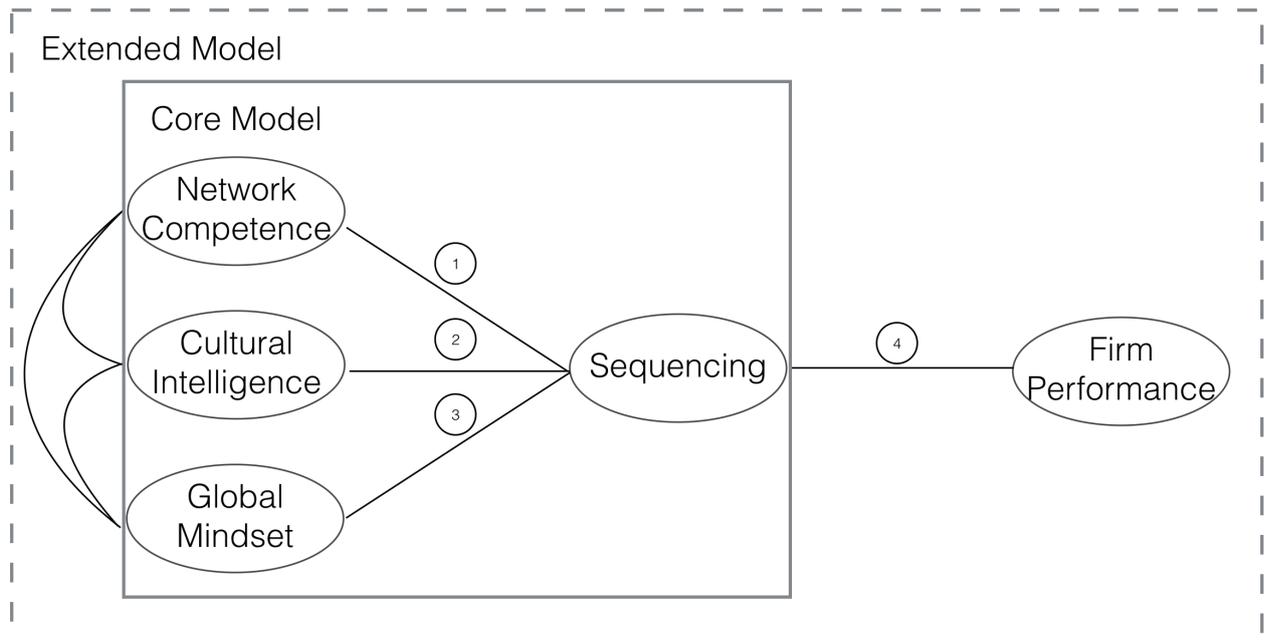


Figure 5 Conceptual Model.

3. Methodology

3.1 Firm Selection

A selection of 15 firms was made for researching the internationalisation strategy. The SMEs are all headquartered in The Netherlands and Germany. The selection methodology was primarily based on the non-probability technique of convenience sampling and snowballing as suitable SMEs compliant with all criteria were scarce. SMEs have been unique in that they have moved against the tide when it comes to the traditional model for internationalisation like stage theory, which assumes a process divided into stages (Torkkeli, 2012). Small to medium sized firms have instead been able to internationalise quicker, sometimes even being born-global firms (Kudina, Yip & Barkema, 2008). It seems, therefore, this group of companies is suitable when it comes to studying internationalisation strategies.

The selected firms should be technology-focused, implying a high level of R&D intensity (Bullock, 1983; Malecki, 1985), as these firms tend to internationalise more quickly (Lindqvist, 1991). The majority of the selected companies are involved in software development, but also hybrid forms of hard- and software were encountered. Another criteria for firms to be selected was they needed to be active in at least three different foreign markets with the very last market entry being completed recently, preferably in the last five years. This was to potentially lower the chance of encountering recall bias. In order to meet this criterion, the internationalisation history of the firms was researched before scheduling interviews. The interviews were conducted with either associates well versed in the internationalisation strategy of the firm or the CEO or founder directly.

3.2 Operationalisation

The main constructs in this paper are operationalised as follows.

Table 2 Operationalisation of Main Constructs.

Sequencing	<i>Definition</i>	Following a specified order of country entries (Bingham, 2009).
	<i>Measurement</i>	For determining whether a firm made use of a sequencing strategy careful consideration of the internationalisation story of the firm was taken into account and seen if this could be viewed as a structured approach with a specific order of country entries in mind from the start. As the list of types of sequencing strategies is indefinite, content analysis had to be applied in order to make the assessment. In the final table of the results a rationale is added for clarification of each assessment.
Network Competence	<i>Definition</i>	The ability of firms to develop and manage relations with key suppliers, customers and other organisations and to deal effectively with the interactions among these relations (Ritter, 2002).
	<i>Measurement</i>	NetComp Test (Ritter, 2002).
Cultural Intelligence	<i>Definition</i>	A firm's ability to gather, interpret and act on differences in cultural settings enhancing the effective conformation to unfamiliar cultural situations (Synthesis).
	<i>Measurement</i>	Cultural Intelligence Scale (Ang et al., 2007).
Global Mindset	<i>Definition</i>	A multidimensional set of cognitive attitudes of an individual towards globalisation processes that is positively related to balancing global and local developments in the business environment, organisational processes, cultural differences and time zones (Dekker, 2016).
	<i>Measurement</i>	Scale developed by Gupta and Gobindarajan (2001; 2002).

A scale for measuring network competence dubbed the NetComp Test developed by Ritter (2002) was readily available. For this scale a number of minor adjustments were made as well in order to fit the research objectives. These adjustments included:

- As for the cross-relational and relationship-specific sub dimensions the terms “technical partners” was changed to “network partners” in order to broaden the applicability of the measurement tool to the diverse firm sample as these firms were not all focused on bleeding edge technological advancement.
- As for the specialist sub dimension, the term “they” was removed from each item. Instead a universal introductory sentence for each item was added as follows;

“People in our firm who are involved in dealing with our network partners...”. This was done for clarifying the question for the respondent by making it more specific and applicable to the context in which it was asked.

- As for the social sub dimension, the term “they” was removed from each item. Instead a universal introductory sentence for each item was added as follows; “People in our firm who are involved in dealing with our network partners...”. This was done for clarifying the question for the respondent by making it more specific and applicable to the context in which it was asked.

For Cultural Intelligence, the cultural intelligence scale by Ang et al. (2007) was used. For the purpose of this research however, a couple of adjustments were made. These included:

- As the study is conducted at an organisational level, the subject of each scale was changed from “I” to either “My organisation” or “Company employees” depending on the context of the rest of the statement.
- The Likert scale was changed from a seven-point scale to a five-point scale in order to match the other scales that were used.

Finally, as for Global Mindset, a scale derived from research by Gupta and Gobindarajan (2001; 2002) was used. Only minor adjustments in the wording were made in this scale so that the subject of the item would reflect the entire firm rather than one individual.

3.2.1 Foreign Market Entry

For the purpose of meeting the selection criteria of firms having to be active in at least three foreign markets, it needs to be clear as to what counts as a foreign market entry. A foreign market entry is, for the purpose of this paper, defined according to Grant (2016), which counts various international efforts as being a country entry. These efforts include those mentioned in the figure below. For the purpose of this thesis however, spot sales as part of exporting was excluded from being seen as a foreign market entry as there is little strategic involvement required for entering a new market if it were to be included.

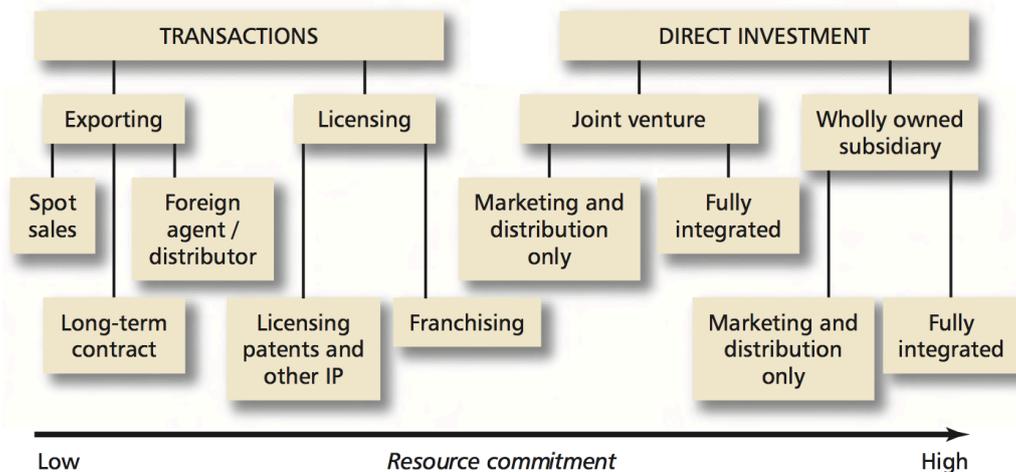


Figure 6 Ways of entering foreign markets (Grant, 2016).

3.2.2 Firm Performance

Firm performance is measured based on the paper by Bingham (2009) in which the interviewee is being asked to subjectively rate performance levels in every country from a scale of 0 (very low) to 10 (very high) that was sequenced to. However, the question of how firms measure performance and what they would consider a successful internationalisation was added in order to shed more light on these differences and have more of a storyline to justify the given rating.

3.3 Data Gathering Method

The data that was gathered is both qualitative as well as quantitative. On the one hand, semi-structured interviews were conducted, through which qualitative data was gathered, while on the other hand, quantitative data was gathered by carrying out additional surveys.

In the semi-structured interview questions were posed regarding four main subjects. These are the general sequencing and internationalisation strategy of the firm and the three factors from this study; Network Competence, Global Mindset and Cultural Intelligence. These questions were posed in such a way that, on the one hand, the essential data would be gathered (the structured approach) and, on the other hand, the stories and rationales behind the internationalisation decisions of the firm were to become apparent (the semi-structured approach). This way proper data was gathered in order to conduct a thorough analysis and to provide a comprehensive answer to the research question.

Moreover, a quantitative approach was applied to the study as well. The quantitative approach is to examine on a broader basis the relationships between variables, that is Network Competence, Cultural Intelligence, Global Mindset and sequencing on the one hand, and sequencing and firm performance on the other hand. This, combined with the qualitative data, provides an overview that is complete and simple to compare. The scales used in the survey are derived from the literature on the selected constructs and were analysed in a descriptive manner.

3.4 Data Analysis

Recordings from the semi-structured interviews, whenever allowed to be made, were transcribed into English within a week after being conducted. The transcription was then further dissected into parts relevant to the research by categorising the provided answers of the interviewee into the specific questions drafted in the official interview protocol (see Appendix 1). This made further analysis through coding swifter and more effective. Advanced software specifically designed for coding was used for this step called Atlas.ti (version 8.0). This was done to make interview results more organised as well as so that coded transcripts could be shared among research colleagues more easily. All interviews are peer reviewed by at least one more research colleague. This process resulted in a list of empirically discovered quotes from interviewees that can be linked to the aforementioned constructs according to the current body of knowledge on the subjects by means of summative content analysis (Hsieh and Shannon, 2005). Codes were then further specified later on in

the analysis. To strengthen these qualitative results, a score for each of the factors is accredited to every interviewee according to the questionnaire they filled in respectively. This step allowed for a higher confidence level in the measurement of the antecedents by not relying solely on the interviewee's interpretation and story about the constructs. A link between the selected antecedents of focused sequencing and the sequencing strategy itself, or absence thereof, was subsequently made.

As for the evaluation of firm performance, the same approach as described in Bingham (2009) was taken in which firm were to subjectively rate their performance level on a scale of 0 (lowest performance level) to 10 (highest performance level). Prior to this, interviewees were asked how they assessed their performance in general so that any clarifications about the mentioned score that was made could be settled. When more scores were given based on multiple categories, the average of scores was taken. Furthermore, having the market entries and subsequent scores of said entry enabled the creation of a graph comparing the performance in each market between firms. This is especially helpful when looking if those firms that took the approach of a focused sequencing strategy were more successful and see if there are any consistencies. This way of conducting a comparison was also inspired by the paper by Bingham from 2009.

3.5 Description of codes

For organising the interview analysis, the coding process from the spiral of analysis integrated into qualitative research by Boeije (2009) was adopted. The steps in this process consisted of open coding, axial coding and selective coding. Using this methodology ensured a proper selection procedure for codes to reflect all relevant constructs. Codes for all constructs were ultimately derived from the selected scales as discussed. This would seem to be the most holistic method as the measurement of all constructs takes into account exactly the mentioned terminology from those scales. For the exact wording of codes, which can differ quite a bit depending on the interviewee, discussion between research participants allowed for the most complete list of codes to cover the most frequently used words pointing to a specific sub-dimension of a particular construct. All of these lists were combined and inserted into the Atlas.ti software package. The work of coding of different constructs was divided and, as mentioned, cross-reviewed to ensure a greater level of accuracy. Eventual results were then shared. The full list of all coding terms that were used during the analysis were finally converted to more practical sentences giving the reader more information about the context of the terms and can be found in the table below.

Table 3 Coding terminology used for each construct.

Sequencing	<ul style="list-style-type: none"> • Having a reason for internationalising to a specified order of countries
Network Competence	<ul style="list-style-type: none"> • Initiating new network relations • Maintaining existing network relations • Social skills during interactions with network relations • Offering specialist knowledge to network relations • Visiting expos, fairs and exhibitions with network relations • Organising workshops with network relations • Evaluating network partners • Collaborating with network relations
Cultural Intelligence	<ul style="list-style-type: none"> • Being able to speak different languages • Using differences in accent and tone depending on cultural context • Being able to localise products depending on cultural context • Being able to conduct oneself in cross-cultural interactions • Being familiar with legal, economic, religious, marital systems and shopping conditions across different cultures • Being able to adapt nonverbal behaviour depending on cultural context
Global Mindset	<ul style="list-style-type: none"> • Being able to appreciate market differences • Being able to spot emerging market opportunities • Being able to assess customer importance across different markets • Having a worldwide talent pool on staff • Being involved in mapping economic regions • Generating ideas across different markets • Having a shared vision and company identity across different markets • Taking into account different time zones

4. Results

In the following section, the results of both the interviews conducted as well as the survey results are outlined. First, an informative table is given with general information regarding the company sample. Afterwards, for every of the four major factors as given in the conceptual model from the theory section, a separate table was made indicating the total score of the construct as given by the respondent in the survey as well as specific quotes in support of this score. Summarising ordinal data like the results of the likers scales used in this research by taking the mean score is undesirable since intervals between values cannot be assumed to be exactly the same (Jamieson, 2004). Therefore the mode score for each construct was taken instead. The mean score of the scales are given between brackets as well for the sake of providing additional information highlighting subtle differences between respondents.

In the case of firms wishing to remain anonymous, a label is given in the table instead of their company name. If there are any inconsistencies between the survey score and interview quotes, these will either be discussed and explained in the supporting description below every table and adjusted if necessary. These adjustments, if applicable, would have been made in concert with at least one other research colleague as part of the joint project that was explained in the methods section.

4.1 Firm Information

Table 4 Firm information of sample.

Frim	Product/ service	HQ	Founding year	Country entries		
3YourMind	Start-up providing 3D Printing consulting and development of 3D printing software	Germany	2014	Berlin (2014)	Poland (2015)	Silicon Valley (2016)
Anonymous1	Start-up offering quality transfer service around the world	Germany	2012	100 cities within 100 days (2013)		
Anonymous2	Start-up making the booking process for travellers easier	Germany	2009	Berlin (2010)	Rom (2014)	Paris, London, Barcelona, Alhambra (2015); Dubai, Bangkok, Hong Kong etc.
Anonymous3	Start-up offering a finance banking system application for the German Banking licence within	Germany	2015	German & Austria (Jan. 2015)	France, Italy, Spain, Island, Greece, Slovakia (Dec. 2015)	9 other European countries (Nov. 2016)

	Europe					
Anonimous4	Stirrup providing female health oriented app services	Germany	2013	German & English (2013)	Danish, French, Chinese, Italian, Portuguese, Spanish (2014-15)	Other languages (Early 2016)
Eaglet Eye	Small company producing eye measuring equipment for fitting lenses	Netherlands	2014	The Netherlands Germany Italy France Luxembourg USA (2014)*		
BERG Toys	SME making children's outdoor toys like go carts and trampolines	Netherlands	1985	Germany (1995)	Belgium (2000)	Ireland (2002)
Anonimous5	Small company making electronic baggage tags for check-in luggage at airports	Netherlands	2013	Lufthansa, Germany (2014)	Air-France KLM, France/ Netherlands (2015)**	United, USA (2016)**
Kalf Trailing	SME producing car trailers for boats	Netherlands	1985	Germany	Belgium	UK
TSST	SME producing machinery for researching and discovering new materials	Netherlands	1998	China (2007)	India (2014)	USA
Anonimous6	Small company producing machinery	Netherlands	1935	Hungary (2009)	Belgium (2010)	Germany (2011) (Russia (first in 2009), Ireland (2012), US (2013)
Anonimous7	Medium sized company producing agricultural software	Netherlands	1935	Belgium (2007)	US (2009)	Denmark (2015)
Anonimous8	Multinational company, with business unit of the size of a medium sized company	Netherlands	1918	China (2007)	India (2009)	Africa (2014)
Anonimous9	Medium sized company producing bio-energy systems	Netherlands	1991	Rumania (2004)	Belgium (2009)	Poland (2010) (UK (2011), Germany (2012), France (2013),

						Ireland (2014), Croatia (2016), Sweden (2016), Finland (2017)
Anonimous10	Multinational company, with business unit of the size of a medium sized company	Netherlands	1922	Germany (1960)	Greece, Turkey (1990)	Denmark, Middle East (2000)

* These markets were all identified at the very beginning.

**Airlines were approached at practically the same time, the given year is an estimation.

4.2 Internationalisation Strategy

In the following table firms are indicated to have used a sequencing strategy when internationalising or not. The rationale for the assessment is presented underneath each of the quotes as well.

Table 5 Sequencing Assessment.

Firm	Sequencing	Quotes
3YourMind	No	<p>“They had the very big support from TU and from the government, and it wasn’t enough to already start planning for the next steps [of the internationalisation process].”</p> <p>Rationale: A lack of financial resources did not allow them to plan a sequencing strategy. Internationalisation happened by change and spontaneously.</p>
Anonymous1	No	<p>“They started and founded in 2011 and started in Berlin in 2012. Then, I think in the following year, they brought this into the Germany, and then to Europe and to the world. [We had a] very very harsh of internationalisation in 2013. Because Anonymous1 decided to do 100 new cities in 100 days which is pretty crazy.”</p> <p>Rationale: First they decided to do the "give it try" session of 100 cities entry, then they saw the success. After that 100 city entry phase, they decided to sequence systematically</p>
Anonymous2*	Yes	<p>“There is not a 100% clear structure [to the internationalisation], why we opened the offices, it’s always the combination of how much revenue we make now, how much potential we see in the region, plus, do we have any major challenges that we can’t solve with legal local.”</p> <p>Rationale: Sequencing based on market size.</p>
Anonimous3	Yes	<p>“Going from Germany to Austria, that was something that we planned somehow, and the others [just emerged] and we can easily go to the other European markets, so it just appears.”</p> <p>Rationale: Sequencing based on market size.</p>

Anonymous4	No	<p>“The app is not made only for one specific country, so the app is free and so it’s available and in every single country in the app store. For both, iOS and Android.”</p> <p>“We are localising in 15 different languages. That’s slightly different, I don’t think there was no specific characterisation because we are the European company, so then we said that we should cover the main languages in Europe. I think that was it because they are close to us.”</p> <p>Rationale: The market entry depended on the languages used.</p>
Eaglet Eye	No	<p>“We did already identify North America and Europe as markets. And in North America, this is still the largest market. And in the area of technology the budgets are significantly higher. You would have to approach markets in isolation.”</p> <p>Rationale: Identified interesting markets right from the start and primarily focused on marketing activities and started to approach these markets in isolation until the product was ready for sale.</p>
BERG Toys	No	<p>“We just noticed parties moving to us and say, hey that looks like fun that has to be a market in our country as well. Starting with the areas around the border of Germany and Belgium.”</p> <p>“And then, eventually, you come to the conclusion it is a fairly unique products and now we are only active in The Netherlands, there have to be opportunities in other countries.”</p> <p>Rationale: The company grew organically into international markets without a clear structure at first. Markets were approached in an opportunistic way starting out with those close to the home market and expanding gradually.</p>
Anonymous5	No	<p>“We viewed our market globally right from the start.”</p> <p>Rationale: There was no focus on specific markets but on airlines, these were approached in isolation focussing on the larger and most innovative ones first.</p>
Kalf Trailing	Yes	<p>“Initially my husband would drive just about everywhere, that is just your enthusiasm as a beginner. And later on we would decide to look for markets close to home since that makes more sense from a logistical standpoint, you would like to expand your market. The home market of The Netherlands, because we only sell boat trailers, becomes too small. So you have to expand and then you of course start looking beyond our borders.”</p> <p>“We have started to specialise a bit more, so we have been building more specialised trailers. And by taking this step we thought now we really have a good change of moving towards international markets, we have something to contribute to that.”</p> <p>Rationale: They used a sequencing strategy after the initial start-up phase of the company was over. The firm decided to select companies based on cultural similarities while gradually expanding to markets further away as more resources became available. The time granted for this expansion also allowed them to customise products based on local demands.</p>
TSST	No	<p>“For a large part [the internationalisation process] has been a coincidence. The internationalisation strategy that is, all of our customers could just as well have been from somewhere else.”</p> <p>“Since about 10 years we have begun hiring agents specifically for large markets, and this mainly concerns the expansion strategy.”</p> <p>Rationale: Initially there was no sequencing as the company is a born global that was approached by customers from all over the world, however their expansion strategy is more focused but countries are still being viewed in isolation.</p>

Anonimous6	Yes	<p>“[Internationalisation] was because of the economical crisis. We had to. We entered different markets and they were international. So we targeted different markets, we had to go there and this was simply because it was in driving distance. There was no money to go further away internationally.”</p> <p>“Now, we are doing more sequencing. Now, we say we go to Germany and Russia from the network of us, or from the management. So we go to people [distributors] that work in Russia. So we go for sequencing now, really targeting specific markets in specific countries where our product is applicable.”</p> <p>Rationale: Current strategy is based on sequencing based on networking activities.</p>
Anonimous7	No	<p>“Internationalisation took place through the company’s network without strategy.”</p> <p>Rationale: Market entries based on opportunities, current strategy based on total pig population.</p>
Anonimous8	No	<p>“Every country is being mapped out.”</p> <p>Rationale: The strategies are very focused, however, there is no sequence within the strategies.</p>
Anonimous9	No	<p>“It was necessary for us to go international because in one day we lost all of our projects because the government subsidies fell away. I went to Belgium because I was in dire need for work but not just Belgium but to continuously look for other markets to spread your risks. That is why we also have targets to go to international markets.”</p> <p>Rationale: Market entries based on opportunities.</p>
Anonimous10	No	<p>“There is a natural selection when it comes to thinking about the next market we will enter.”</p> <p>Rationale: Market entries based on opportunistic ways. Current strategy is driving to a more focused approach, however still without sequencing since there is no systematic selection procedure.</p>

* Green colour indicates the firm used a sequencing strategy.

There were multiple reasons for the selection of internationalisation strategy. Motives for selecting either a systematic or flexible approach range from clear necessity to survive to serving new customers. Other companies fell somewhere in between with some having already determined the market to be global right from the start and more that approached international markets in an opportunistic way over time.

4.3 Network Competence

In the following table level of Network Competence of the firms is assessed. The rationale for the assessment is presented underneath each of the quotes. The aggregation of the survey scores and quotes, with any potential conflict in mind, is also justified here.

Table 6 Assessment of Network Competence

Firm	Network Competence	Survey result	Quotes
3YourMind	High	4 (4.22)*	<p>“It was very important to have this kind of person who has lots of connections, who knows the market, is the architect who can do modelling.”</p> <p>“We take part in lots of fairs and events for start-ups and I met lots of people, and they said it is so good to start the start-up in Berlin. First, let’s say free opportunities, like this German accelerators, so we tried it, maybe two or three, but we won the German one, the accelerator one. It’s so much easier to get the connections [in the USA]. He was invited to the house of the wife of the Steve Jobs and there he met like you know very big players like SAP company, or some automotive Daimler or Volkswagen, they met there at BBQ and started talking.”</p> <p>“They were pitching, when they are in the States, they are pitching at least 5-10 times per day, you know? We need people who are not foreigners and who know the local people and who know the market.”</p> <p>Rationale: This firm indicates networking activities were very important to their growth strategy. They have won an accelerator competition and are very actively networking and pitching. The survey result was high which fits well with the impression from the quotes.</p>
Anonimous1	High	4 (4)	<p>“We pull it off and make the network denser. Internationalisation for us means to have the partners on the ground that would actually be the ones to drive from A to B and for us to be able to offer this online.”</p> <p>“We developed the communication series only for that region because we wanted these partners to feel like they are part of their community.”</p> <p>Rationale: As a firm being dependent on having a local presence, the construction of a network proved to be essential. With an emphasis on localisation of communication, the quotes and survey score both point to a high level of Network Competence.</p>
Anonimous2**	High	4 (4.1)	<p>“We had a lot of challenges, not being local with having the distance to travel, with building relationships with partners, that’s why we decided to open the offices there.”</p> <p>“We started with Europe, because it was the easiest way because, from Berlin to Rome is a short flight, finding people, to hire and also to have the connection it’s much easier than if you have started in Japan.”</p>

			<p>“Working with the local people. I think anywhere in the world as soon as you are local and as you meet people face to face more in regular base you see the success.”</p> <p>Rationale: Having a local presence proved to be of great relevance for this firm. They intentionally did not move to place where they would have been unable to connect with people on a personal level. The quotes in combination with the survey result both point to a high level of Network Competence.</p>
Anonimous3	High	4 (3.59)	<p>“[Our founders] meet partners; conferences and they do certain things. So, they go there only for specific events. It’s not that they just fly to Paris. We leverage other Fin-tech partners, with whom we integrate. So, our vision is like the Fin-Hub.”</p> <p>Rationale: Visiting centralised and very specific events is the main networking strategy for this firm. Being part of a larger dedicated network contributes to this efficient approach. This points to a high level of Network Competence, with the survey score being consistent in this regard as well.</p>
Anonimous4	High	4 (3.59)	<p>“Our founders are pretty influential and network-wise, they took whatever helped from their perspective to grow the promotions or to spread the word.”</p> <p>“We have collaboration, we have the research collaboration with lots of external universities, like Oxford, I think we published it also in our Stanford publication.”</p> <p>Rationale: With network-savvy founders and collaborations that make this firm part of larger communities, a high level of Network Competence was accredited to this firm. The survey score came up with the same result and no conflict needed to be resolved in the consolidation.</p>
Eaglet Eye	High	4 (4.22)	<p>“You have to develop your brand and you have to develop your network, and let people know its coming. We invested heavily in this, by means of large expos and trade shows. Both in the United States and Europe and the construction of a network.”</p> <p>“You would use [the distributor’s] network, the selling capabilities and perhaps their service capabilities. Actually, their power is the network. They would visit a whole lot of potential customers. We cannot go around and visit potential customers. We have to meet folks at central meeting points like expos. The first sales are going to make sure we get distributors etc. And then you try to create a sort of tiny oil spot within that country which would enable the expansion.”</p> <p>“The key opinion leaders and support of the network is crucial indeed.”</p> <p>Rationale: With a clear sight on the markets willing to serve and enough self-awareness for realising third parties have more knowledge of local markets and thus utilising these from the start, Network Competence is one of the strong suits of this firm. Additionally, the vast majority of company resources is spend visiting expos, trade shows and other marketing events trying to convince the key opinion leaders of the superiority of the products that is being offered. A high level of Network Competence was accredited.</p>

BERG Toys	Moderate	3 (3.05)	<p>“Initially we build up the market with a distributor and tried to move forward with that distributor. Most of the time [the network] has to be constructed. We have sold very little of our products through existing networks.”</p> <p>“For adding a store to your network, the cultural intelligence is very important, and can only really be set-up through local people.”</p> <p>Rationale: With a fairly slow start when it came to international endeavours, which were mainly obstructed by the niche nature of the product and lack of existing sales channels, Network Competence of this firm was not a primary skillset. That being said, many resources were accredited to the creation of this network and albeit being a slow process eventually proved to be effective. A moderate level of Network Competence was concluded, which matches the survey result.</p>
Anonymous5	High	4 (3.86)	<p>“We have, through the years, been able to create quite a bit of brand recognition by going to expos for instance. But also, we have been working with a lot of people that have gone all over the world to promote Anonymous5 through their own network within the airline business.”</p> <p>“We advance in the organisation in a deeper level through the contacts we already have in a fairly easily way.”</p> <p>“A network is really important so that we find those airlines who are willing to support this and the decision makers who can eventually approve this. So we would also speak to a stewardess from city hopper to see what the experiences are there and we learn a lot from that, which can advance us in other conversations.”</p> <p>Rationale: As a young start-up trying to convince large industry leaders of a radical innovation, a network within these companies was essential for reaching decision makers. The firm is investing heavily in these efforts with successful results and thus scores high on Network Competence.</p>
Kalf Trailing	High	4 (3.86)	<p>“I do have connection [in Germany], which is why our first choice was Germany.”</p> <p>“We do organise workshops from time to time so we would gather all these different dealers at our company to provide as much information as possible to explain the capabilities of the trailer.”</p> <p>“We do take on opportunities, like there was a student project with a solar boat and to see if we can get a trailer for them to cooperate. This event was also featured on television which would allow for more brand recognition.”</p> <p>“When [the founder of the company] gets a change to speak to customers directly on events he is really good at making people enthusiastic. Some have said this was also the reason for buying.”</p> <p>Rationale: This firm is constantly looking out for opportunities to penetrate new markets though existing networks and marketing channels. At the same time it is keeping in touch on a local level by organising dedicated days for gathering dealers and share the latest information. Frequenting various expos as well, this firm keeps in touch with both dealers and end customers.</p>

			This firm scores high on Network Competence.
TSST	High	4 (3.72)	<p>“The scientific world is a small market but also very much a network market if you have a number of people on your side in that scientific network it allows for a great competitive advantage.”</p> <p>“What is relatively easy in the scientific community is that there are lots of large conferences, which makes it easy to see where developments are going in your field of study.”</p> <p>“We did say to [our suppliers] that we wanted to build a sustainable relationship. That worked out quite well I think, so we have a reliable network.”</p> <p>“The students that have been [to Berkeley] form a kind of sub-network through which the message is spread you have to come to us. Those guys would have a high status level because they are from Berkeley, and you see those kind of things do help because they come from that network.”</p> <p>Rationale: This firm indicated to be almost solely dependent on the networking activities for gathering orders. A number of large orders were in fact received based on recommendations alone. This is mainly because of the niche nature of the market. Suppliers are also being considered specifically for a long-term trade relation. For these reasons, this firm scores high on Network Competence.</p>
Anonimous6	Low	2 (1.7)	<p>“You can say that because of the network we have [international expansion] is easier.”</p> <p>“We broadened our network to Russia and the US, this was not about maintaining relationships, it was about initiating relationships.”</p> <p>“The market is growing. We have the knowledge we have the social skills, because we have sales people who go into the market daily.”</p> <p>Rationale: This respondent specifically talked about the level of Network Competence on a level of sub-dimensions. The survey score directly contradicts the quotes. It will be assumed the respondent accidentally falsely interpreted the scale and reversed the items. Scoring a two out of five, it will therefore be assumed this was actually meant to be a four out of five, which would match the respondent’s qualitative data.</p>

Anonimous7	Low	2 (1.68)	<p>“Network and local bond is important. The combination of having a Global Mindset with Network Competence is most vital for the firm.”</p> <p>“In order to pursue its strategy for a specific market; the firm firstly conducts a market study. Moreover, conventions will be attended, in order to investigate the parties present at that market and to establish a network for that market. The network will be extended in order to learn more from the market.”</p> <p>Rationale: This firm indicated the combination of Global Mindset and Network Competence vital for their success. The survey score directly contradicts the quotes. It will be assumed the respondent accidentally falsely interpreted the scale and reversed the items. Scoring a two out of five, it will therefore be assumed this was actually meant to be a four out of five, which would match the respondent’s qualitative data.</p>
Anonimous8	High	4 (3.68)	<p>“The network is essential. You construct the network. You set up a network and work is being offered.”</p> <p>“I go to a number of expos and talk to a wide variety of people.”</p> <p>Rationale: Many orders for this firm come in from the network, which to a large degree did not exist beforehand. Therefore, this firm focuses a lot on initiating new networking relations by frequenting expos and other marketing events.</p>
Anonimous9	Moderate	3 (2.6)	<p>“You get a lot of information through a network.”</p> <p>“Researchers and universities are all over the world. Like people from the Univerity of Wageningen, those people are so valuable. One of the most underestimated channels in existence.”</p> <p>Rationale: This firm is actively collaborating with larger communities, however, this did not prove to be an essential ingredient for success and therefore a lesser degree of time and effort is invested in these endeavours. Still, the survey results as well as the respondent’s insight point to a moderate level of Network Competence.</p>
Anonimous10	High	4 (3.72)	<p>“Our network influences our internationalisation process in an extreme way. We are globally present with local offices.”</p> <p>“You have to make sure you have a local network, so you understand the local language and norms. The construction of a network can also be horrendous.”</p> <p>Rationale: Having both a global and local presence proved to be of great relevance for this firm. The company network, and construction thereof, contributed heavily in making this possible. The quotes in combination with the survey result both point to a high level of Network Competence.</p>

* The mode of the survey score is presented first followed by the average of all the scales in brackets.

** Green colour indicates the firm used a sequencing strategy.

When analysing the above scores and quotes, a number of things stand out. Respondents tend to score quite consistently on Network Competence with survey results varying from low to high and the majority of firms accrediting themselves the

latter average score. The most relevant sub-dimensions of Network Competence that were mentioned during the qualitative part of the study were related to the task implementation, which holds the sub-categories of relationship specific and cross-relational. These have to do with maintaining the existing company network as well as networking activities related to looking for new partners. More than once, especially with the smaller firms, it was indicated the most effective route of setting up a network was through third party partnerships like distributors. The rationale for this primarily had to do with the limited amount of resources that could be accredited to setting up a local network by the firm itself. This point fundamentally also recognises the importance of Network Competence in the interest of internationalisation activities in general. Another argument that was often brought up to signify this importance is the need to have local people in place that are more familiar with the market in general. This links to the previously discussed points about Cultural Intelligence and Global Mindset, with most interviewees acknowledging the tremendous differences between cultures and markets foreign countries can have. It becomes clear from these results that Networking Competence plays an important role in this respect as well.

Some but not all of the respondents saw the company network as a catalyser for internationalisation efforts. However, most felt the networking abilities of the firm did not pull it into new countries but the network was more of a success condition of those efforts. Finally, and perhaps most importantly, none of the respondents indicated the level of Network Competence as a reason to internationalise. In this regard, most respondents would rather turn the argument around explaining the network, and supporting Network Competence of the firm, would make internationalisation efforts easier as opposed to actually needing a structural sequencing approach because of a certain level of Network Competence or lack thereof. This goes for both the firms that used and did not use a sequencing strategy. This is also consistent with previous research findings by Torkkeli et al. (2012) in that SMEs internationalise quickly out of necessity because of the niche nature of the product.

4.4 Cultural Intelligence

The assessment of Cultural Intelligence was done in a similar way compared to Network Competence. The scores of the assessment are listed in the table below. Then, results are discussed in greater detail and the most notable quotations from participants are highlighted.

Table 7 Assessment of Cultural Intelligence.

Firm	Cultural Intelligence	Survey result
3YourMind	Moderate	3 (3.4)*
Anonimous1	High	4 (4.33)
Anonimous2**	High	4 (4.1)
Anonimous3	High	4 (3.85)
Anonimous4	Moderate	3 (3.3)
Eaglet Eye	Moderate	3 (2.6)
BERG Toys	Moderate	3 (2.95)
Anonimous5	Moderate	3 (2.85)
Kalf Trailing	Moderate	3 (3.25)
TSST	High	4 (3.75)
Anonimous6	Low	2 (2.35)
Anonimous7	Low	2 (2.1)
Anonimous8	Very high	5 (5)
Anonimous9	Very high	5 (4.05)
Anonimous10	Moderate	3 (2.6)

* The mode of the survey score is presented first followed by the average of all the scales in brackets.

** Green colour indicates the firm used a sequencing strategy.

The level of Cultural Intelligence seems to deviate quite a lot in this sample with the majority of cases, seven to be exact, assessing their ability on a moderate level in the survey and only six indicating a higher level than that. In almost all cases interviewees especially highlighted language to be a relevant factor in dealing with foreign cultures, referring to the cognitive dimension of the cultural intelligence scale. Overall, the reasons given for the level of cultural intelligence seems to align with the scores from the survey. Some firms might score lower on the survey while still being able to cope with cultural differences well. This is because the survey is filled out on the level of the firm whereas in reality the company might collaborate with partners like independent distributor in order to properly conduct business in the context of foreign cultures. This was clarified over the course of the interviews.

As for the firms that used a sequencing strategy, indicated in bold in the table, the scores deviate just as much ranging from high to low. This could be due to the fact Cultural Intelligence was measure based on the internal organisation with firms indicating a moderate or low score using explaining to use external parties to reach the end customer like distributors.

The direct relation between Cultural Intelligence and sequencing was also discussed. Not many firms indicated there being a specific relation between Cultural Intelligence and the choice of internationalisation strategy. However, many point out the importance of having a high level of Cultural Intelligence while going abroad in

general. Most of these comments had to do with the role of language while looking for new markets with Anonymous3, Anonymous4, Eaglet Eye, Kalf Trailing and Anonymous9 respectively indicating.

“I think [the internationalisation] was driven by language; the other thing is nice to have sort of synergies on top.”

“We already had around nine languages [including] Danish, French, Chinese, then Portuguese and Italian. And we introduced Hindi and we have Japanese, Korean, we have Polish, Russian, Spanish and Turkish. For the support team we have German, English, French, Spanish, and Portuguese.”

“It should be noted European countries are also individual markets although thresholds are eliminated concerning [geographical location], the cultural and language barriers are still very much present.”

“I speak German quite well so that makes things easier for sure...you do notice language is very important.”

“Language is important in the eastern of Europe so we send people there that speak the same language and that is beneficial.”

BERG Toys and Anonymous8 do specifically mention the importance of Cultural Intelligence when doing international business, but do not relate this to the choice of strategy.

“The distributor has a much higher level of Cultural Intelligence compared to you. You need that Cultural Intelligence to reach that mom and dad shop, that trade store, in that particular country. But the cultural difference between countries is tremendous.”

“Cultural Intelligence has been incredibly important to our internationalisation efforts. Do not make the mistake into thinking you can do business with China from here, you would always go to the Chinese. You look for someone you trust, who knows the Chinese culture and can coach you in it. The first time I visited [China], a Chinese woman supervised me. You can make very unfortunate mistakes over there.”

Additionally, Anonymous1 and Anonymous10 talk about the recognition of cultural differences between different markets and the importance of coping with them.

“Our colleagues from China for instance said, they want to see whether you are a big company or with an office so they can have the trust.”

“The Arab culture for instance is very much focused on relationships. Culture is more of soft, unwritten criteria when it comes to doing business.”

Finally TSST is saying cultural differences are not as present in the scientific community through which they gain a lot of their customers. This suggests the kind of market influences the relevance of Cultural Intelligence as well. However, it is added they do make use of agents to communicate with more distant cultures just to be sure no misunderstandings take place.

“I have always had the impression, and this might be personal, that scientists, especially those that have worked in the west, do not deviate as much [culturally] from what we are used to.”

“I do think agents are required because they have the final familiarity to convince those customers or meet their needs. So in that sense I am happy to have the agents so I don't have to gamble on whether someone is conducting him- or herself properly. Because those people really do know the culture and the language is of course also an important point.”

4.5 Global Mindset

The assessment of Global Mindset was done in the same way as Cultural Intelligence. The scores of the assessment are listed in the table below. Then, results are discussed in greater detail and the most notable quotations from participants are highlighted.

Table 8 Assessment of Global Mindset.

Firm	Global Mindset	Survey result
3YourMind	High	4 (4.25)*
Anonymous1	Very high	5 (4.625)
Anonymous2**	High	4 (4.375)
Anonymous3	High	4 (4.125)
Anonymous4	High	4 (4.125)
Eaglet Eye	Moderate	3 (3.43)
BERG Toys	High	4 (3.5)
Anonymous5	Very high	5 (4.5)
Kalf Trailing	Moderate	3 (2.625)
TSST	High	4 (3.875)
Anonymous6	Very low	1 (1.875)
Anonymous7	Low	2 (2)
Anonymous8	Very high	5 (4.75)
Anonymous9	High	4 (3.5)
Anonymous10	Moderate	3 (3)

* The mode of the survey score is presented first followed by the average of all the scales in brackets.

** Green colour indicates the firm used a sequencing strategy.

Across the board, both survey results and supporting quotes suggest a moderate to very high level of Global Mindset among the firms. It is clear market differences are appreciated quite well, which is what having a Global Mindset is generally referring to, with the most frequently mentioned reasons being the need for localisation of the products, different legal systems, other customer demands and the need for hiring locals who understand the market better to begin with. A final notable point that was often brought up is the fact internationalisation was required because of the nature of

the product. Specifically pointing out the product serving a niche market. This finding is consistent by claims made in the literature of SMEs often times operating in niche markets and cannot slowly accumulate market knowledge over time (Torkkeli et al., 2012).

Like in the case of Cultural Intelligence, the Global Mindset scores among sequenced firms ranged from low to high. This could be due to the nature of the product, as the firms scoring high on Global Mindset are active in software development making going abroad generally less resource intensive. The moderate to low scores of sequenced firms on Global Mindset both were involved in exceptionally large products, mainly machinery and boat trailers.

As for relating Global Mindset to sequencing, the results are as follows. Similarly to Cultural Intelligence, interviewees generally did not relate the construct of Global Mindset directly to the choice of internationalisation strategy. This does not however imply the significance was not recognised, which it was. The vast majority of firms talk about the importance of adapting products to local demand, with Anonymous3, Anonymous4, Eaglet Eye, Kalf Trailing, Anonymous8 and Anonymous10 respectively saying.

“The next step is localisation. We initiated the product in English and then we launched in France. Then we hired a country manager to transit into the French [market] and really focus.”

“We are localising in 15 different languages. We look at one of the countries because of size and in terms of adapting this technology. So, we know that Japan and Korea always look for the technology, so we don’t know much about the country, we felt like localising the app is the first thing we can do.”

“In the US they speak a different language compared to Europe. Are you capable of making that translation, do you understand what the specific and regional problems are, those are always slightly different. You at least need to make sure to adapt your message, at the very minimum.”

“You have to look at the market and see what the demands are there and what is missing. Because there is of course a vast assortment, we do look at how we can differentiate ourselves and see what they do not offer yet so to speak. [Product differentiation] is certainly something we look at before we go there with a random trailer because that would not make much sense. We went to Sweden because there is a lot of water there. We developed special fishing boat trailers from which we thought it did not exist in the current market.”

“Market research is important in order to find out if there is a demand for your product and if it is profitable to ship there and see if there are other kinds of customer needs. The legislative activities can also differ quite a bit depending on country, we have a number of partnerships to help us with this.”

“Our philosophy is you have to be local in order to work in other business environments. I think you can conclude from this interview you are dealing with a business that has a global footprint.”

Furthermore, local customer behaviour and regulations is talked about a number of times as well. The firms 3YourMind, Anonymous1, BERG Toys, Anonymous5, TSST and Anonymous9 show an understanding of these changes and recognise the importance of taking these differences into account while doing business.

“Everyone [in America] has a super relaxed approach. I think Germany is super behind it. It’s so formal here, it’s just a different approach in business.”

“[We have to check being] aligned with local regulation.”

“A Belgium account manager has a better understanding of his country compared to a Dutch person doing business there. Germany is for instance very focused on trade whereas the UK is more oriented on mass market. Also, the playing behaviour [of children] in the UK is very different from Ireland. In the UK it is much more protected, kids are not playing in the streets as much. So, those large ride-on’s remain a difficult sale.”

“But in the case of the United States this is very different because there is a large internal market as well.”

“You do see as we did in the past, namely in Asia lately. They are focused on practical applications while in [Europe] it is more like fundamental research.”

“The governance structure in Italy was just very good.”

4.6 Sequencing and Firm Performance

In order to compare performance levels in every country firms sequenced to, a graph was made similar to the one presented by Bingham (2009). Countries that were determined to have used a sequencing strategy are shown in a dotted line whereas the firms that did not sequence use unbroken lines. The individual scores are also listed in the table below the graph for a better overview.

There were four out of 15 firms that were determined to have implemented a sequencing strategy. As can be seen from the results, it cannot be definitively stated firms using a sequencing strategy perform always better than those that did not. In fact, at every country entry there is at least one firm with an equal or higher performance compared to the sequenced firms. Even looking at the average it is clear the scores of the firms that used sequencing, presented in bold, are nothing exceptional from the rest of the sample. The scores themselves, both in the case of the non-sequenced and sequenced groups deviate quite a bit. There does not seem to be a consistent trend with regards to these results.

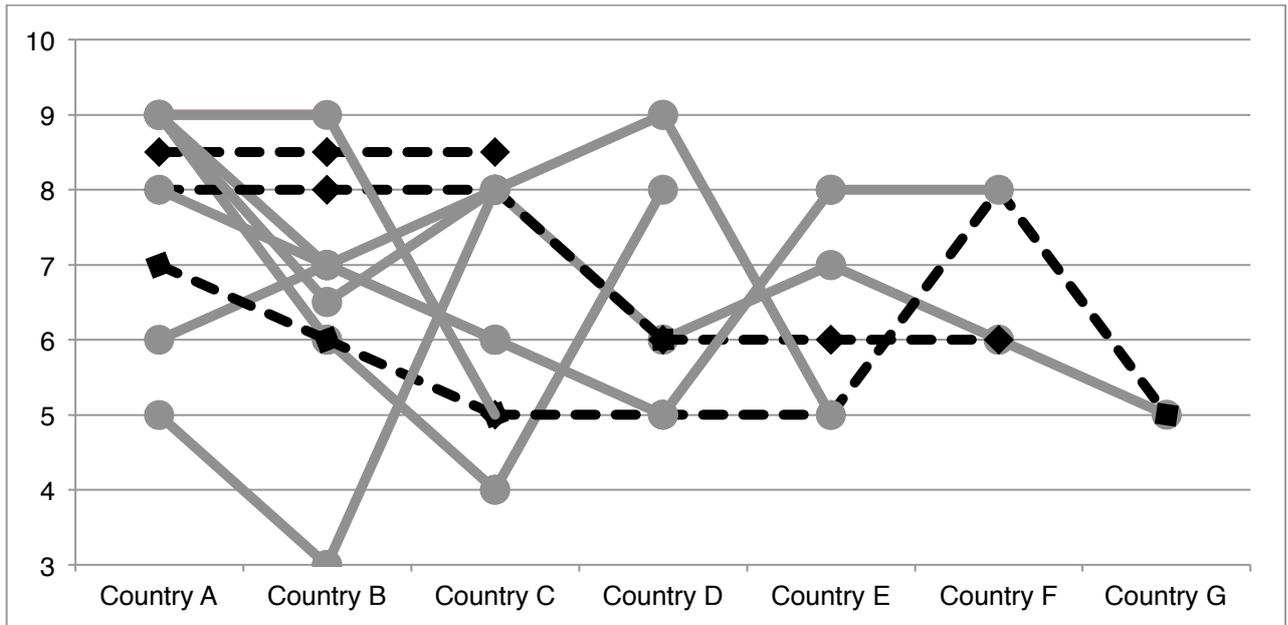


Figure 7 Firm performance scores for each country entry. Dotted black lines indicate firms using a sequencing strategy, grey unbroken lines indicate firms not using a sequencing strategy.

Table 9 Firm performance scores for each country entry.

	Country A	Country B	Country C	Country D	Country E	Country F	Country G	Average
3YourMind	8*							8
Anonymous1	8.5*							8.5
Anonymous2**	8.5	8.5	8.5					8.5
Anonymous3	9*							9
Anonymous4	6	7	6					6.3
Eaglet Eye	9	6	4	8				6.8
BERG Toys	9	7	8	6	7	6	5	7.1
Anonymous5	9*	9*						9
Kalf Trailing	7	6	5	5	5	8	5	5.9
TSST	8.5*							8.5
Anonymous6	8	8	8	6	6	6		7
Anonymous7	9	6.5	8					7.8
Anonymous8	9	9	5					7.7
Anonymous9	8	7	6	5	8	8		7
Anonymous10	5	3	8	9	5			6

* No more data provided about other country entries by interviewee

** Green colour indicates the firm used a sequencing strategy.

5. Discussion and Conclusion

5.1 Discussion and Limitations

The main aim of this research is to explore the relation between the selection of sequencing strategies as a way to internationalise and antecedent factors. These factors, namely Network Competence, Cultural Intelligence and Global Mindset, were determined beforehand based on the literature suggesting a possible relationship. Through qualitative analysis of 15 interviews combined with quantitative survey results these factors are indeed recognised as important tools in the context of international business. This is in concert with the literature identifying many advantages of Network Competence (Naudé and Rossouw, 2010; Doole et al., 2006; Majocchi et al., 2005; Knight and Cavusgil, 2004; Awang et al., 2013; Torkeli, 2014; Toole and McGrath, 2013; Wai and Noichangkid, 2012; Canning and Szmigin, 2016), Cultural Intelligence (Thomas and Inkson, 2003; Earley and Mosakowski, 2004; Ang et al., 2007; Ang and Inkpen, 2008; Lovvorn and Chen, 2011; Kim and Van Dyne, 2012; Earley et al., 2007; Imai and Gelfand, 2010; de la Garza and Egri, 2010) and Global Mindset (Giddens, 1999; Govindarajan and Gupta, 2001; Dekker, 2016; Adler & Bartholomew, 1992; Levy, Taylor, Boyacigiller, and Beechler, 2007) in the context of doing international business.

Ultimately, no interviewees have indicated them to be the reason for selecting a certain internationalisation strategy. This research contributes to the literature on sequencing strategies, specifically the antecedent factors of sequencing strategies, of which very little exists.

Although this paper did not provide sufficient data in support of the antecedents relating to firms that used sequencing, this does not necessarily imply they are non-existent. More research is required to test these alleged antecedents. A quantitative study with a large sample size of young SMEs could be able to shed more light on the relation between the factors. A further exploratory study on other potential factors seems like it will add value as well, as interviewees mentioned other antecedents that were important to them when selecting international markets like product localisation and marketing.

This study has a number of limitations. Although requirements were set in advance for sample selection, it cannot be denied the selection of firms was heterogeneous to a certain extent. There was quite a bit of deviation in development stage and age between the firms. And although all, as specified, were technology-focused as defined by having a significant R&D spending, the firms are active in different branches. Also, the number of firms that used a sequencing strategy was far lower than the group that did not. A larger and equality divided selection of firms should make for a more fair and conclusive comparison. Additionally, when assessing the firm performance, metrics defined by the firm itself were used. Naturally, the way firms assessed their overall performance was very different. Standardising this could be favourable for a more fair comparison. Furthermore, some survey scores may not

reflect reality perfectly as they were measured on the level of firm. Meaning for instance, if the Cultural Intelligence of the firm is low according to the survey results but they are using external agents or a distributor to deal with cultural differences for them, this may not be reflected in the score. The interviewee's quotes would then have been used for clarification, but it might still have resulted in a distorted view. For future research surrounding this topic it is recommended to keep these limitations in mind and improve upon them whenever possible.

5.1.1 Core Propositions

As for interviewee responses regarding Network Competence, the following observations were made. Most of the participants accredited the most attention of the task implementation sub-dimension of Network Competence, which has to do with the initiation of new network relations as well as new ones. This was thought of as especially important when internationalising. Surprisingly, instead of relying on existing networks to facilitate the internationalisation process, in many cases, firms had to construct the network themselves in order to enter a new market. This practically reverses the proposition made in that the internationalisation seems to depend on the ability of firms to set-up a new network in the next market rather than depending on an existing network to make internationalisation in said market easier. The construction of a network thus follows the selection of the market it seems. That being said, none of the respondents have indicated the firm's Network Competence to influence the internationalisation strategy itself. One exceptional case did mention the network to be the main source for incoming orders. But with only one sale in a foreign country through word-of-mouth this cannot comply with the definition of foreign market entry used in this paper.

In terms of Cultural Intelligence as an antecedent factor to sequencing strategies, interviewees provided interesting insights. Firstly, language was mentioned as an important aspect to dealing with foreign cultures most often by far. The majority of participants also recognise the importance of having a high level of Cultural Intelligence while doing business internationally as a whole. Some firms even make use of external parties such as distributors, account managers and agents to counter any Cultural Intelligence they might be missing from the firm. Many also talk about the tremendous difference in culture to be encountered beyond familiar borders as well as different customs in doing business. Some cultures are very focused on the building of relationships for instance, something westerners are not as familiar with. There was but one participant indicating the cultural differentiation was not as much present in the market the particular firm was active in. This however concerned a niche market and may be viewed as an exception to the rule compared to other firms that were selected. This firm also does make use of agents who are native to the culture to ensure high quality interaction, thus making the construct of Cultural Intelligence relevant even in this case as well. This overall recognition of the importance of Cultural Intelligence in international business is, as discussed before, well supported in the literature. As for the link between this construct to the selection of sequencing strategies, similarly to Network Competence, no quotes were given that would indicate such a relationship. It seems therefore, Cultural Intelligence is instead able to help move firms abroad and increase their success rate, but does not seem to influence the choice of internationalisation strategy.

As for the construct of Global Mindset in general, the following notable discoveries were made. The interviewees mainly mentioned the importance of localisation of products, customer behavioural changes as well as market differences such as legislation across international markets. These relate to the business environment dimensions of Global Mindset. None of the respondents, when being asked, indicated a relationship between Global Mindset and the choice of internationalisation strategy. When looking at survey scores in an abductive manner, it neither becomes clear firms that did use a sequencing strategy scored particularly differently on Global Mindset from those that did not. Surprisingly, some interviewees, namely Kalf Trailing and Eaglet Eye, talked about the importance of marketing efforts in different countries, which could point to another possible antecedent to either Global Mindset or sequencing. Overall, virtually all interviewees acknowledged the relevance of Global Mindset in the context of doing business abroad, which is in concert with findings of existing studies. On the other hand, no indication was provided to suggest neither a high nor low level of Global Mindset leads to firms choosing a sequencing strategy over a more flexible one or vice-versa.

5.1.2 Extended Model

The link between sequencing and firm performance, from the sample presented in this paper, is still debatable. Although firms that used sequencing were performing well generally speaking, due to the limited sample size and number of firms that implemented a sequencing strategy, it cannot be definitively stated in this paper sequenced firms always perform better than those that did not.

Apart from the core propositions and although not the focus of this research, a number of suggested links were made between constructs. Neither supporting quotes nor survey results indicated a direct relationship between these antecedents, with some respondents explicitly dismissing any interrelationships. This can be observed from the survey scores as well. For instance, despite the fact cultural inclusion is one of the sub-dimensions of Global Mindset, some respondents scored lower on the Cultural Intelligence scale in the survey compared to the scale used for measuring Global Mindset.

5.1.3 Practical Implications and Link Between Prior Research

As for managerial implications, a number of findings stand out. First of all, when in the market position of relying primarily on the firm networking capabilities when going abroad it is important to note a large amount of resources may be spent initially on the setting up of a network from scratch. In this case, being able to initiate new networking relations as well as maintaining existing ones will likely become part of daily activities. This may in the early stages of internationalisation become very resource intensive while at the same time being difficult to measure in terms of return on investment. Secondly, data suggests a sufficient level of Cultural Intelligence is desirable for foreign success, especially in the language department. When a firm is doubtful of competences in this regard it might be effective to make use of external parties like agents, distributors or account managers to compensate for the lack of firm Cultural Intelligence. Another recurring theme in the results was the relevance of adapting products according to local demand. Some firms even indicated to not enter a market at all before they had any unique product to offer firms. The legislative

systems seem to play a large role in estimating the profitability of a market before entering as well, which can differ radically even in local regions.

This study links to previous research in the following ways. First of all, it examines the level of Network Competence among recently internationalised technology-focused firms situated in the Netherlands and Germany. It addresses calls made to study the construct in the context of internationalisation performance (Ritter and Gemünden 2003; Ritter et al. 2002). Tokkeli et al. (2012) has pointed out wanting to examine specific industries more thoroughly in the context of areas outside of Finland. This study addresses this call partially, since it does offer a selection of firms that are all technology-focused. The selection of firms presented in this study however does diverge in terms of industry type. Secondly, it contributes to internationalisation strategies by concretely isolating sequencing strategies and for the first time considering antecedent factors that could be of influence for firms to implement such a strategy in the first place. Previous studies have instead opted to focus on the internationalisation process itself by examining different firm characteristics (Lindell and Karagozoglu, 1997; Lindqvist, 1991), characteristics of the founders (Boter and Holmquist, 1996; McDougall, Shane, and Oviatt 1994; Murray, 1996; Roberts and Senturia, 1996) and internationalisation theories (McDougall, Shane, and Oviatt, 1994). Other studies have taken antecedent factors like networks into account when firms are in fact internationalising and measure their success but do not address these antecedents by linking them to the choice of strategy (Johanson and Vahlne, 2009).

5.2 Conclusion

Taking a business to international markets is almost inevitable for achieving a sustainable competitive advantage in this day and age. The role of networks for companies plays an increasingly relevant role as the lonely cowboy will not be able to form the required partnerships in order to meet global demands and serve international markets. Selecting international markets to expand business towards is one of the first steps in the internationalisation process. This can be conducted in a number of different ways, the most extreme being either a completely unstructured approach or a very structured one dubbed sequencing strategy.

Little is known about the antecedents that make firms choose to adopt a sequencing strategy. In this paper, it was proposed the level of Network Competence, Cultural Intelligence and Global Mindset could very well fill in that role. Subsequently, it was proposed firms adopting a sequencing strategy are more likely to succeed in foreign markets. The results reveal Cultural Intelligence and Global Mindset to be desirable characteristics indeed for conducting international business in general, though no explicit indication was provided for firms being more likely to implement a sequencing strategy when considering varying levels of these constructs. Additionally, the vast majority of interviewees specified Network Competence to be an important aspect of or tool for international endeavours as well, for some even essential. However, like in the case of Cultural Intelligence and Global Mindset, no sufficient data was provided for stating a certain level of Network Competence present in firms makes it more likely for said firms to implement a sequencing

strategy. Finally, from the data presented in this paper, the link between the use of sequencing strategies and firm performance cannot be definitively supported nor denied.

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Appendix 1: Semi-Structured Interview Protocol

Interview Introduction

- Thank you for your participation. The topic for today is analysing internationalisation strategies. You will help us to better understand this subject.
- The key concept of this study is sequencing, which is “the order market entries”. We are very curious about your motivations for your market entries.
- It is important to note that there are no right or wrong answers in this interview, we are only interested in your story.

During the interview, we will:

- Explain the constructs (hand-out)
- Ask questions regarding your sequencing story
- Ask questions regarding selected constructs
- Ask you to fill out a questionnaire containing questions related to the topics discussed previously

Preference for anonymity: yes/ no
Permission for audio tape: yes/ no

Key Constructs

Cultural Intelligence (CQ)

The capability to adapt effectively to different cultural contexts.

Global Mindset (GM)

Combination of an openness to and awareness of diversity across cultures and markets with a propensity and ability to cope with this diversity.

Financial Resources (Slack) (FR)

The amount of financial resources that is above the minimum necessary to run your company.

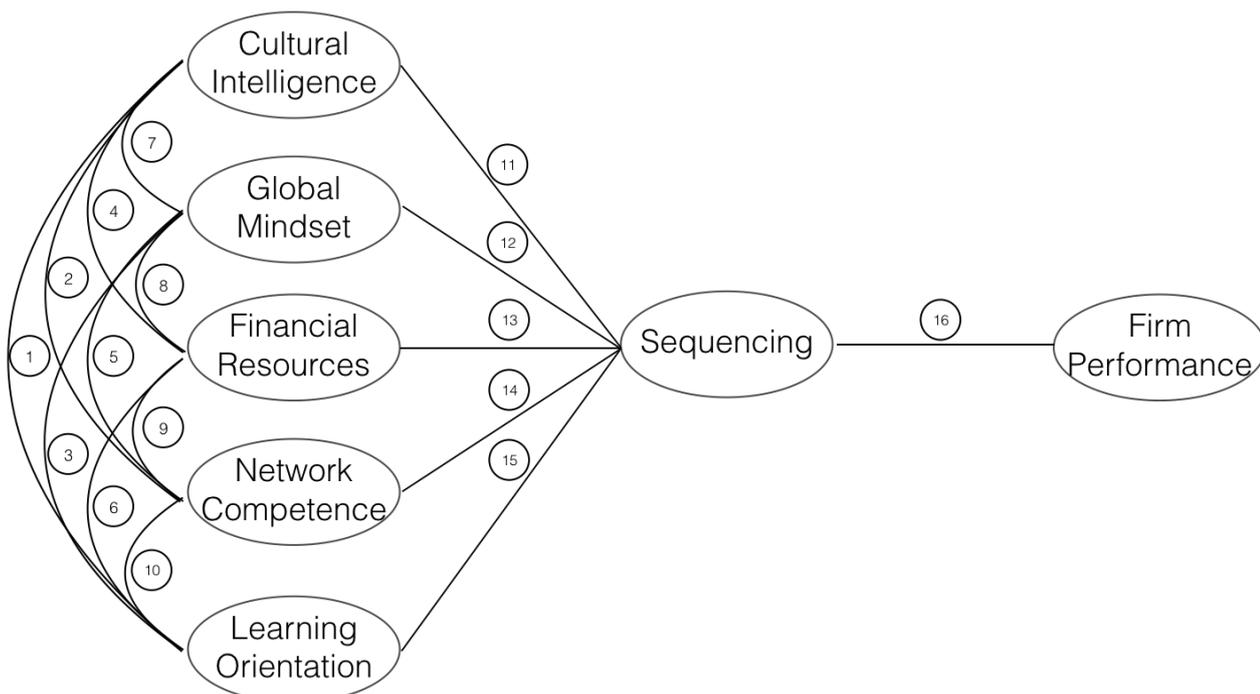
Network Competence (NC)

Degree of network management for which the following is important;

- Initiating relationships
- Maintaining relationships
- Specialist knowledge
- Social skills

Learning Orientation (LO)

Organisational learning orientation is the tendency for firms to create and use knowledge. Especially in a globalised business, the proactive learning within the organisation is highly needed to process the diverse market information, but also to adapt into different cultures.



Company Data

Firm Size (Number of Full-time employees):

Firm Age (Founding Year):

Industry Segment:

- o Hardware company
- o Software company
- o Technology Consultancy
- o E-Commerce
- o Others: _____

Internationalised Country Order (at least three latest entries, starting with earliest (A) to most recent):

- A. _____, Year of market entry: _____
- B. _____, Year of market entry: _____
- C. _____, Year of market entry: _____
- D. _____, Year of market entry: _____
- E. _____, Year of market entry: _____

Market Entry	A (Earliest)	B	C	D	E (Most recent)
Overseas Market Entry Form Exporting					
Long-term contract					
Foreign agent / distributor					
Licensing					
Licensing Partners other IP					
Franchising					
Joint venture					
Marketing and distribution					
Fully integrated					
Wholly owned subsidiary					

Information interviewee

Age: _____

Gender: M / F

Position: _____

Nationality: _____

Sequencing questions

1. Why did your organisation decide to go international in the first place?
2. Why did you go to country A? B? C? Why did your organisation make the decision to particularly go to that country?
3. Why did you decide to go for the order of your country sequence (A - B - C countries)? Was there a rationale behind this decision?
4. By what was the the first internationalisation driven? What moved your organisation to go international/ what were the motivations of the organisation?
5. How satisfied was your organisation after the country sequence? If not, why were you not convinced by that decision?
6. How was your sequencing strategy influenced by the cultural intelligence of the organisation? How did that affect firm performance?
7. How was your sequencing strategy influenced by the global mindset of the organisation? How did that affect firm performance?

Financial Resources

1. How did the amount of financial resources of the firm influence your sequencing strategy for country A, B, C? (13, FR-SQ)
2. To what extent did the financial resources influence the performance in country A, B, C? (13, 16, FR-SQ-PM)
3. To what extent was the sequence of market entries influenced by financial resources gathered from the company's network? (9, FR-NW)
4. To what extent was the allocation of financial resources influenced by your organisations view on differences between markets? (8, FR-GM)

Network Competence

1. How did your organisation's network competence influence the decision to go abroad?
2. How did your organisation's network competence influence your sequencing strategy? How did that affect firm performance? (14, 16, NC - SQ)
3. To what extent was your organisation's network competence influenced by the organisational cultural intelligence? (2, NC - CI)
4. To what extent was your organisation's network competence influenced by the organisational global mindset? (5, NC - GM)

Learning Orientation

1. How does the learning orientation of your organisation influenced your sequencing strategy? (15, LO-SQ)
2. How does the global mindset of your organisation influence your sequencing strategy? (12, GM-SQ)
3. How does the cultural impact from or during doing business influence the learning orientation of your organisation? (1, CI-LO)
4. How is your organisation's learning orientation influenced by the global mindset of your organisation? (3, GM-LO)

Sequencing related to performance

1. How do you assess your firm performance?
2. On a scale from 0–10 (0 = very poor, 5 = moderate, 10 = excellent), how would you rate your firm's overall success in each country a year after the sequence?

When looking at the model, do you see any other relationships emerge that were relevant in the case of your organisation?