

# Internationalization process



**ASSIGN  
BUSTER**

The internationalisation process of the firm - a case study Tomas Sylverberg

- - Avdelning, Institution Division, Department Datum Date 2004-01-20

Ekonomiska institutionen 581 83 LINKOPING Sprak Language

Svenska/Swedish X Engelska/English Rapporttyp Report category

Licentiatavhandling Examensarbete ISBN ISRN Internationella

ekonomprogrammet 2004/26 C-uppsats X D-uppsats Serietitel och

serienummer Title of series, numbering ISSN Ovrig rapport \_\_\_\_

URL for elektronisk version [http://www. ep. liu. se/exjobb/eki/2004/iep/026/](http://www.ep.liu.se/exjobb/eki/2004/iep/026/)

Titel Title Foretagets internationaliseringsprocess - en fallstudie The

internationalisation process of the firm - a case study Forfattare Author

Tomas Sylverberg Sammanfattning Abstract Background: The Uppsala model

is the most accepted paradigm regarding the internationalisation process of the firm. This thesis tries to complement the Uppsala model with Porter's theories regarding internationalisation.

Purpose: The purpose of this thesis is to study to what extent the Uppsala model is applicable to a small manufacturing firm, and to see if the theory, combined with the Porterian framework, can provide a more solid framework for the description of the internationalisation process of the firm. Method:

The master thesis is based on one personal interview with the CEO of the study object, Bukowski design. Results: The internationalisation process of the firm can to some extent be explained using the Uppsala model.

It is, however, valuable to complete the picture with, for example, Porter's theories, that permit a deeper understanding. - Nyckelord Keyword

Internationalisation, competitive advantage, international strategy,

establishment chain, risk, Bukowski design, Peter Gustavsson - Avdelning,  
Institution Division, Department Ekonomiska institutionen 581 83 LINKOPING

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Foretagets internationaliseringsprocess - en fallstudie The

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Sammanfattning Abstract Bakgrund: Uppsalamodellen ar det mest

accepterade paradigmet vid studiet av foretagets

internationaliseringsprocess. I den har uppsatsen anvands Porters teorier

som ett komplement till Uppsalamodellen for att forklara foretagets

internationaliseringsprocess.

Syfte: Syftet med denna uppsats ar att studera till vilken grad

Uppsalamodellen gar att applicera pa ett litet tillverkande foretag, samt att

utrona om Uppsalamodellen tillsammans med Porters teorier kan ge en

solidare grund for att forklara foretagets internationaliseringsprocess. Metod:

Uppsatsen bygger pa en personlig intervju med studieobjektets VD. Resultat:

Internationaliseringsprocessen kan till viss grad forklaras med hjalp av

Uppsalamodellen. Det ar dock lampligt att komplettera bilden med t. ex.

Porters teorier. -

Nyckelord Keyword Internationalisation, competitive advantage, international strategy, establishment chain, risk, Bukowski design, Peter Gustavsson –

Foreword I would like to thank my supervisor Peter Gustavsson for valuable input, as well as, support. I would also like to thank Barbara Bukowski for letting me come to the firm’s premises to make the interview for this thesis. This master thesis would not have been possible without the love and moral support from my family. Tomas Sylverberg Linkoping, 2004 – – Table of contents 1.

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..... 131 – Introduction

1. Introduction In this part of the thesis the research problem is presented. First a short background discussion is given to situate the reader in the context. This is followed by a problem discussion that narrows the research towards the research questions, and the purpose of this thesis.

1. 1 Background During the last decades the world has dramatically changed, new patterns that had not been seen earlier became evident all of a sudden.

Towards the seventies the information revolution started to transform organisations (Drucker, 1998). There were however greater structural differences to come. Travelling between different countries for pleasure on a regular basis became normal, watching television programs from around the whole world became reality, and the introduction of the Internet to the masses brought the world together. Therefore, it is nowadays possible to follow, with a slight delay, what happens in almost all the countries of the world.

The environment in which companies compete has changed considerably during the last decades, actions taken by international bodies, governments and businesses have provoked an internationalisation and globalisation of the industries (Vahlne & Nordstrom, 1993). The European Union<sup>1</sup> decided in 1987 to remove its non-tariff barriers (such as borders and value-added taxes), but the thoughts of regional free trade within the European Union = EU -1- Introduction trade between the European countries date, however, back to 1960 when the European Free Trade Association<sup>2</sup> was formed.

The North American Free Trade Agreement<sup>3</sup> came into force in 1994. It should be noted that there are numerous free trade organisations around the world, fighting for economic strength in their region. (Husted & Melvin, 1998) The creation of these organisations proposes, according to Husted and Melvin (1998), that the regionalism is strong in today's society. They get support from Drucker (1998) who believes that the internationalisation is no longer utopia, and that the earlier stage is regionalism.

A regionally structured world brings different countries together, and considers the different regions as local markets (Ibid). Drucker (1998) means that when the industrialisation started, labour and capital were scarce resources. The society has gradually changed and the scarce resource in organisations nowadays is knowledge. The change towards a more knowledge oriented world makes it possible for firms with limited capital to successfully compete, not only on the domestic market, but also on the international market.

Still, the differences between small and large companies should not be disregarded. What Drucker (1998) indicates is that it is possible for small firms to compete internationally, not that they can compete on the same basis as their larger competitors.

1. 2 Problem discussion Whenever a firm decides to internationalise itself it has to take various decisions that will determine its future profitability and survival. A firm can choose to enter 2 3 European Free Trade Association = EFTA North American Free Trade Agreement = NAFTA -2- Introduction variety of different countries using different strategies. Depending on what theoretical beliefs about firms the theorist has, the outcome for a given firm might give ambiguous indications regarding how its internationalisation process will be. What the theories say does not always coincide with how firms internationalise, which makes it possible to find anomalies. The internationalisation theories have been extended and modified during their existence. Parting from the same core, different authors have chosen different paths for how to expand the theories.

Although these expansions all have the same core, the additions totally change the meaning and explanatory value. One of the theories that this master thesis will focus on is the Uppsala model as it was originally depicted. The focus of the thesis is thereby set on the main contributions of the theory. This view will be complemented with Porter's ideas about internationalisation<sup>4</sup>. The most accepted paradigm of internationalisation, the Scandinavian School of Management, or as it is called in this thesis, the Uppsala model, was constructed from studies in rather large manufacturing firms<sup>5</sup>.

Another approach is the Eclectic paradigm which combines economic theories with monopolistic competition, location and transaction costs (Johanson & Vahlne, 1990). The eclectic paradigm has its roots in the industrial organisation of the firms. A third approach would be the theoretic foundation that positions itself between the Uppsala model and the Eclectic paradigm, which could be called the Industrialisation model. The Porterian framework presented in this thesis could be considered an 4 The thesis writer will refer to Porter's theories as the Porterian framework.

It is based on Porter (1986) and Porter (1998). The firms that were studied were firms that were large in Sweden when the study was performed, since then overall company size has grown, which makes the thesis writer call the firms rather large. 5 -3- Introduction industrialisation model, thus creating a bridge between the Eclectic paradigm and the Uppsala model. The research idea for this thesis parts from the belief that there is a significant difference between the behaviour of a firm with relatively limited resources and a large firm.

The thesis writer finds it interesting to see to what extent the Uppsala model explain the internationalisation process of a small firm. The case company of this master thesis is Bukowski design. While big firms usually have different people to cover the different managing tasks that have to be done, in a small firm the same person can be responsible for various tasks. Various authors (see for example Menguzatto, 1995) have tried to relate the decision process to the process of interpreting information.

It is possible that a small firm with limited resources will not have the same possibilities to interpret and analyse all incoming information, this could possibly limit the firm's internationalisation process. The internationalisation of a firm can be seen as a product of a firm's capabilities. In this view other aspects than those presented by the Uppsala model becomes important. Porter (1986) discusses how firms internationalise depending on aspects such as the firms structure, and the industry structure. The thesis writer wants to know if it is possible to complement the Uppsala model with the Porterian framework to get a more solid framework for internationalisation. -

4- Introduction 1. 3 Research questions The problem discussion proposes various interesting research questions for this thesis, and the direction of this study is decided through the following questions. To what extent can the Uppsala model explain the internationalisation process of a small firm? In which way can the Porterian framework complement, and help to explain the internationalisation process of the firm?

What limits small firms' international expansion? 1. 4 Purpose The purpose of this thesis is to study to what extent the Uppsala model is applicable to a small manufacturing firm, and to see if the theory, combined with the Porterian framework, can provide a more solid framework for the description of the internationalisation process of the firm. 1. 5 Prerequisites The reader of this thesis should have basic knowledge about Porter's theories, since only limited parts of his theories will be described and used in this thesis, but these parts should be understood in their context. 5- Introduction 1. 6 Study object The study object of this master thesis is Bukowski design, a small firm with five employees in Sweden, but with important activities abroad. The

firm sells, designs, and controls the manufacturing of its products, mainly teddy bears. The company is present in most of the world's countries, and it uses mainly agents to sell its products. A more elaborate description of the firm, which also explains some of its history, is given in 4. 1. -6- Method 2.

## Method

This chapter intends to clarify the thesis writer's view on knowledge, and how it relates to this study. This information is also needed to make it possible for the reader to fully understand how the study has been carried out, and how the thesis writer's standpoint influences the study. This is relevant since Arbner and Bjerke (1998) mean that different views on methodology make different assumptions about reality, knowledge etc. The thesis writer believes that it is important to reflect about how the writer's view influence a study.

Arbner and Bjerke (1998) mention that it is important that an investigator reflects about the view that he adopts, since it gives a better understanding of what limitations that have to be done to the study and its results. 2. 1 The thesis writer's view on reality The thesis writer believes that people interpret reality in different ways which makes it seem as if there are many interrelated realities. This can be clarified as a belief that the social environment and the individual conditions decide what the person is capable to perceive of reality.

In other words, reality is not truly detached from subjective thinking, although it sometimes can be handled as if it was. Even though people are able to agree upon how the world functions, the same words can have a

partially different meaning for different individuals. The thesis writer, however, believes that there is a “ true” reality, but that it cannot be fully depicted by humans. The reason for this is that humans are not able to observe, and interpret, so many stimuli at once. The humans’ limitations are, for example, -7-

Method discussed by Solso (1998). The limitation makes it necessary for the humans to choose which stimuli to interpret and observe. This process depends on various factors such as interests, social class, age, etc. The stimuli a person unconsciously decides to react to will condition what the person perceives as reality. (Ibid) The concept that reality is independent of the individuals is considered by Arbnor and Bjerke (1998) as an analytical view, whereas reality as a social construct corresponds to an actors view.

The thesis writer, however, adopts what Arbnor and Bjerke (1998) call a systems view, since the thesis writer believes that “ true” reality can be seen as a system, created of the different perceptions about the reality. How these different views are related to how the reality is interpreted can be seen in the following figure. Reality as concrete, and law-bound, of us independent structure Reality as concrete deterministic process Reality as a mutually dependent field of information Reality as a field of symbolic discussion Reality as a social construction Reality as a manifestation of human intention

Analytical view System view Actor view Figure 1 Six views on reality

(Adapted after: Arbnor & Bjerke, 1998, p. 61). Although the perception of reality is different among people, this does not necessarily mean that all the facts are “ out there”, waiting to be observed by anyone, and that they can



then easily be interpreted in a holistic way. One of the assumptions of the system view is, according to Arbnor and Bjerke (1998), that some kind of objective reality exists, although it can be coloured by subjective -8- Method thinking. The thesis writer believes that this assumption quite well describes his view on reality.

Therefore the writer believes that even small observations, can be able to add aspects that can be included into peoples reality. This idea also fits into what Arbnor and Bjerke (1998) call a systems view, where different parts can be added up to a whole. They mean, however, that it is important to pay attention to how the parts are assembled, otherwise the sum of the parts might differ from the value of the separate parts. How the air create swirls around the wings of an aeroplane can not be observed by most people, however, in special settings this airflow can be observed, and can then be included into the reality of many persons.

To sum up, the thesis writer believes that the humans' perception of the world is influenced by their social environment, as well as, perceptual limitations. This selective perception is one of the reasons that the thesis writer chose to use a tape recorder, since this makes it possible to listen many times to a recording, paying attention to different aspects, and thereby to make a better interpretation.

## 2. 2 The thesis writer's view on knowledge

Following from the thesis writer's view on reality, a few remarks can be done when it comes to knowledge.

What the thesis writer would call knowledge is probably different from what another individual would call knowledge. Already the need to discuss what

reality is, proposes that knowledge has an individual nature. The reality that each individual perceives in everyday life is, however, only an abstraction, or to use the words of the system view, only one part of a bigger system, that could be considered the “ true” reality. This induces the thesis writer to believe that knowledge of an individual is created in the moment when the person -9- Method interprets the reality.

The thesis writer wants to transmit his interpretation of the internationalisation process of the firm to the reader by applying empirical data that have been gathered to existing theories. Arbnor and Bjerke (1998) argue that although the reality is perceived as a field of symbolic discussion, it is possible to argue that parting from specific actions, similar pattern can be found in different cases, as long as the context is not changed. The thesis writer believes that knowledge is an abstraction of reality, that makes it possible for humans to understand more complex patterns through some key concepts.

This view is particularly shared with scientists within the natural sciences which construct abstractions of the world to describe processes that can be observed. The degree of truth of knowledge could be considered relative, what is true in some cases might not be true in others, that is, it can depend on the context. For example, Newton’s theories have been proven to be an approximation to the relativity theory first presented by Einstein, the predictions are only valid for relatively low speeds (Wolfson & Pasachoff, 1999).

The reason that Newton's theories have not been rejected is that they are relatively good approximations, and that they are more operational than the relativity theory. Some theories can, after they have been falsified, be used if they provide explanations to some particular processes that have not been falsified. If a theory has no explanatory value, then it should be rejected and another theory should be used instead. The thesis writer, however, does not believe that theories automatically should be rejected if they are falsified.

This due to the belief that a theory is constructed by various components that make up the system (Arbnor & Bjerke, 1998). It is enough that one component is missing, or wrong, to make the theory false. Therefore, the thesis writer proposes that rather than rejecting a theory directly, it should be adjusted, if possible. The thesis writer is more interested in -10- Method knowledge that is possible to operationalise, and gives a relatively good understanding, than knowledge that cannot easily be used, although it gives a better understanding.

This does not mean that the thesis writer is not interested in knowledge that is not possible to operationalise, it is rather an expression of the need to create knowledge that is useful, although it is an abstraction. The thesis writer believes that by adopting a critical view on knowledge and human nature, it has been possible to strive for a study that tries to eliminate some of the risks that are related to the thesis writer's view on reality and knowledge. For example, the thesis writer has listened various times to the recording of the interview to be able to not leave out any information.

It is however true that the author has made a selection of what he considers is important for the study and this type of selection depends on what the thesis writer perceives as important. The thesis writer's view on knowledge affected the choice to use the Uppsala model, since this model has been criticised because it only explains one part of the internationalisation process of the firm. If the thesis writer would believe that as soon as a theory is falsified it should be rejected, then the Uppsala model should not have been used, since it does not provide perfect explanatory value in all settings.

Arbnor and Bjerke (1998) mean that researchers with a systems view can use experience from studies that depict isomorphic contexts. This makes the use of the Uppsala model interesting since the thesis writer believes that the context is partly different in this study. The belief that knowledge is created when an individual interprets the reality proposes that knowledge is dependent of the individual. This apparently stands in conflict with the premise that knowledge's truth-value is detached from the individual's beliefs.

The thesis writer, however, argues that if other people will come to the same conclusion, although they have interpreted the reality slightly different, then the truth-value of the knowledge is detached from individual's beliefs. -11-  
Method 2. 3 The thesis writer's view on methodological approach Depending on how an investigator perceives the world, and what he considers to be knowledge, he will use different methodological approaches. In this case the systems view has made it necessary to reflect during the work about what was studied and how this could be studied separately from the rest of the system.

Also as more knowledge was acquired, the problem formulation changed. 2.

3. 1 Deductive approach This study parts from a theoretical point of view.

The research questions, rather than being formed for a specific company, are on a more general theoretical level. The deductive approach is, according to Arbner and Bjerke (1998), used when general rules are applied to a specific case. The thesis writer will not try to explain to which extent the study has an interaction between deduction and induction, because he believes that this interaction always exists and that the important question is what the main approach has been.

In this particular study, the first stage was the creation of a framework, and then the empirical material was collected. The assumption from the very first moment, was that there are discrepancies in the theoretical knowledge within the field studied, that could be interesting to investigate. The use of a deductive approach made it necessary for the thesis writer to decide what to study, at a relatively early stage. The thesis writer believed that it was necessary to gather as much theoretical information as possible about the internationalisation process of a firm.

When the thesis writer had read some theories the idea to apply the theories to a different field than originally intended arose. The thesis writer did not know at this stage if the Uppsala model would be -12- Method able to describe the internationalisation process of a small firm, or if the assumption that a model that parts from the industry would be able to explain what part of the process was defensible. Since a complex interaction between environment and firm was studied, it was defensible to first study some theories to try to find out how the two systems are interrelated.

The systems view made it necessary to constantly refine the view about the internationalisation process, and to make corresponding changes in the material for this thesis. As the thesis writer's view on internationalisation became clearer, a redefinition of the questions that were going to be posed was made, thus giving the study a slightly different approach. 2. 3. 2

Combining a positivistic with a hermeneutic view The thesis writer believes that to describe how he relates to science, two different views can be combined.

The positivistic view, according to Alvesson and Skoldberg (1998), is more concentrated on systematisation of the researchers experience, which makes data recollection and structure crucial. Another important aspect is that a positivistic view represents a search for general laws that should be true in every setting. The thesis writer believes that it is desirable to be able to construct this kind of theories, but believes at the same time that within the social sciences it is almost impossible to find patterns that are possible to generalise to this extent.

Arbnor and Bjerke (1998) mean that a researcher that adopts a system view usually cannot generalise the results, since the knowledge is tied to the system studied. The thesis writer finds it convenient to have a more hermeneutic view, which separates the social science from traditional science (Alvesson & Skoldberg, 1998). The hermeneutic view includes the assumption that people interpret the world in different ways. The thesis writer believes that this is true, and -13- Method hat it is important to take this into consideration when studying social phenomena. According to Arbnor and Bjerke (1998), the hermeneutic researcher tries to have a holistic view,

and a common approach when a systems view is used is to try to understand how the parts are related to the whole system. The latter is the result of the belief that the value of the parts does not coincide with the sum of the parts (Ibid). When combining the positivistic and the hermeneutic view, it is possible to relate to it as critical hermeneutic (Alvesson & Skoldberg, 1998).

The critical hermeneutic perspective, provides a good starting point for this study. It permits the investigator to interpret data from a hermeneutic point of view, at the same time as it provides falsifiability (Alvesson & Skoldberg, 1998). The thesis writer believes that theories should be falsifiable, and Chalmers (2002) also argues that this is important, and means that the theories should not only be falsifiable, but strongly falsifiable. This means that theories should be constructed so that they easily can be falsified if they are false.

The view on reality that is presented by the critical hermeneutic view is possible to combine with the thesis writer's view on reality and knowledge. Arbnor and Bjerke (1998) write that a systems view researcher will choose between an explanative or a hermeneutic view. How the thesis writer relates to science leaves footprints in this study. Since he believes that it is very difficult to obtain total objectivity, due to for example different interpretations of reality, the study will be coloured by the writer's own ideas. It should however be noted that, this is not the same as deliberate thinking.

The thesis writer has tried to handle the empirical material as objectively as possible, but it stands clear that when analysing the data subjective thinking

has been included. It is possible to argue that in a world that is differently interpreted by different individuals, the best the investigator can do is to achieve limited objectivity (Eriksson & Wiedersheim-Paul, 2001), which is the case in this study. In other words, the thesis writer has tried to work objectively, but it is difficult not to include any subjective thinking.

Already the creation of an interview guide includes various stages that deal with subjective thinking, what questions to ask, and how to ask them depends on what the individual believes is important. A critical hermeneutic perspective, makes it difficult for the thesis writer to generalise the findings of this study to other settings. According to Alvesson and Skoldberg (1998), the contribution of the critical hermeneutic perspective is, however, to question existing theories. They further argue that scientists with this view are needed, since there is no clear evidence that today's scientists are totally neutral.

The thesis writer wanted to question the Uppsala model, since he believed that it only provides a limited description of the internationalisation process, and that this description could be completed with the inclusion of other theories concerning internationalisation. The thesis writer avoided to let his assumption influence the study, therefore he tried to apply the Uppsala model as far as possible before he tried to complement this model with the Porterian framework.

## 2. 4 The study

This part will explain how the study was carried out, as well as what decisions were made during the study.



The most important, and also difficult part of the study was to decide what to study, and why. It is feasible to believe that, some choices that were made in this study have affected the outcome of the study, therefore this section tries to give the reader an opportunity to decide the reliability of the study by himself. -15- Method 2. 4. 1 Choice of firm While the Uppsala model of internationalisation studied rather large firms, this study focus on small firms, which means that it is feasible to believe that the explanatory value of the theory should be reduced.

This loss of explanatory value is the result of an extrapolation of the theory to settings that it was not explicitly designed for, which means that new factors can interfere with the theory and make it less valid. The choice of focus has been done intentionally to see if it is possible to extrapolate the Uppsala model with good results, or not. The only remark that should be done regarding this is that although it is possible that the Uppsala model does not provide a good framework for small firms, this does not prove that the theory is obsolete in other settings.

It is also important to remark that whereas in this study Porter (1986, 1998) has been used to complement the Uppsala model, there are many other authors and ideas that could be used. The use of Porter is the result of the thesis writer's interest for the work of this author, and also the fact that his theories are easy to operationalise. The thesis writer's intent to interpolate the Uppsala model to a new setting could be related to the system view. According to Arbnor and Bjerke (1998), the researcher that uses a system view, usually tries to find analogies between cases that have similar structures.

This thesis is based on one illustrative case study, that describes the internationalisation process of a small firm. Arbnor and Bjerke (1998) argue that in the systems view, usually the number of study objects is reduced, since there is so much data that has to be handled. They further claim, that in some cases only one particular study object is used. The thesis writer means that more study objects would have limited the possibilities to understand in depth the internationalisation process, given the limited time for the elaboration of the thesis.

When the thesis writer had to choose a firm, he could have chosen firms that are very different from -16- Method the firm that was finally chosen. It is possible to argue that this study therefore does not provide enough evidence as to be able to shed a light over the internationalisation process of all small firms. Arbnor and Bjerke (1998) mean that the systems view researcher will try to find cases that are representative for a specific type of system. The thesis writer argues that this is the case in this study.

Therefore, the thesis writer believes that it is possible to draw tentative conclusions that apply to firms with similar characteristics. It is important to state that the choice of firm for this study influences what conclusions can be drawn, also the fact that only one firm was studied makes it more difficult to generalise the results. The patterns that the thesis writer has been able to detect, could possibly be found in other firms that have the same kind of characteristics as the study object.

There is, however, a risk that the study object is unique, which would reduce the possibilities to generalise, but the study object has, however, been

selected since the thesis writer believes that it is reasonable to believe that it is not very different from many other small firms with similar characteristics. It is feasible to believe that every firm is different, but the thesis writer believes that to some extent the problems that a firm of a certain size, with a certain product type faces will be quite similar although not identical.

Bukowski design, the firm of this study, was not the first firm the thesis writer contacted. There were other firms that the thesis writer would have wanted to include in the study as well. This was, however, not possible because of the limited size of the firms that were contacted, which made it difficult for them to take the necessary time for a study like this. The thesis writer believes that the firm chosen is a good example of a firm that is small and that has been able to grow outside its own country.

One important consideration that was taken when the thesis writer contacted firms was that the firm should have started its internationalisation quite recently, otherwise, it could be difficult for the interviewee to remember, for example, decision processes. Another important consideration was that the firm should be able to some extent to represent a small -17- Method Swedish firm. These restrictions affected the choice of firm, the thesis writer had thought of using Bjorn Borg as case company, but it is feasible to believe that it has a quite different capital provision than a small firm.

Still, it is possible to claim that one firm cannot represent all firms, which is true and limits the validity of the results. But considering the firm as an

illustrative example of a small Swedish firm, the thesis writer will consider the firm as a representative for other firms with similar characteristics. This is possible to do since the thesis writer assumes that similar firms act in a similar context, and that they therefore have to face similar problems, and decisions. The choice of firm has probably affected the outcome of the study.

It is possible that to be able to describe the internationalisation process of another small firm, other aspects would have been highlighted as important. Therefore, the thesis writer, has only drawn tentative conclusions that lie within the scope of the study. Also the systems view, as described by Arbnor and Bjerke (1998), proposes that the results cannot be generalised outside the context. Bukowski design fulfils the above stated characteristics, and it also has some other characteristics that makes it interesting for this study. The firm is present on almost all world markets, and its products are produced outside of Sweden.

Another characteristic that is interesting to make the study more reliable, is that it is possible to study the decision process since only one person was involved. On the other hand, this is also the biggest drawback with the firm, that it is not possible to get the information confirmed by a second source. Moreover, there is a risk that the interviewee does not fully remember all the details about the internationalisation process or even the risk that the interviewee lies (Arbnor & Bjerke, 1998). In this case, the interviewee seemed to remember with great detail the first, as well as, the last steps of the internationalisation.

Most of the intermediate steps of internationalisation were not recalled by the interviewee with great detail. The thesis writer believes that the information the firm has provided is reliable, since -18- Method the interviewee only seemed to mention what she remembered, leaving out the rest or asking an employee. There is, however, another risk that Arbnor and Bjerke (1998) mean arise when studying historical events, the data the interviewee provides can have been altered to rationalise the interviewee's behaviour. . 4. 2 Qualitative approach The thesis writer chose to do a qualitative study for this thesis, with the main reason being the need to get deeper information about the study object. Another reason was that the thesis writer wanted to study past events, and according to Lekvall and Wahlbin (2001), this is best done by a qualitative study. Arbnor and Bjerke (1998) write that a researcher that uses the systems view can study historical events, and he can also use case studies.

The thesis writer tried to get subjective thoughts about a particular study object, and was not interested in how these were related to other possible study objects. This could, however, be an interesting question for further research. A more quantitative approach would strive to give the objective view on certain aspects, for this study, however, this was not possible. The thesis writer realised that to make a quantitative study with statistically significant results would impose a too big time consumption, and population.

Since this thesis studies how the Uppsala model can be complemented by the framework of competitive advantage, it is important to try to give a holistic view of the decision basis. This would, according to the thesis writer, not be possible in this study using a quantitative method. The main reason is

that it is not easy to standardise questions that would give a complete picture, especially since this could be seen as a study with partly new focus on the internationalisation process -19- Method of the firm, trying to complement the Uppsala model with competitive advantage.

The thesis writer believed that it was necessary to understand how the values of the study object are mixed with a competitive framework, to be able to study the questions that were interesting for this study. 2. 4. 3

Interview The choice to use interviews for the data capture can be seen as a result of the systems view, where interviews, according to Arbnor and Bjerke (1998), are very common, and questionnaires are almost never used. When the thesis writer had chosen a firm and a research method, the focus was set on how to perform the interview.

It was important for the thesis writer to talk to the maximum number of persons that knew something about the internationalisation process. In the initial contact with the firm, the thesis writer realised that only one person was involved in the decision process of the firm's internationalisation.

Therefore, only one interview was booked, and it was carried out 24/11, 2003 in the firm's premises. This was done on purpose since it makes it possible to get an impression of the atmosphere of the firm (Cooper & Reimann, 2003).

The thesis writer believes that only one visit is not enough to fully understand the atmosphere of the firm, but that it still gives valuable information, when it comes to interpreting the results. Another important reason for carrying out the interview in the firm's premises was to relax the interviewee. The firm's premises could possibly remove unnecessary

tensions that, otherwise, could have affected the interview negatively. The thesis writer interpreted the interview situation as relaxed, and he also felt that it was possible to get a sense of the working environment.

It is possible that what the thesis writer interpreted as a relaxed -20- Method environment affected the study positively, since the interviewee seemed sincere and calm. The thesis writer also felt that the interviewee felt that this study was important, and that she wanted to provide as good information as possible. When the interviewee did not remember some details, she asked one of her employees. The thesis writer believes that an interview was the best method to use to make it possible to understand the internationalisation process of the firm.

The interview was recorded on tape, which made it possible for the thesis writer to maintain focus on what the interviewee says, and thereby to prepare adequate follow-up questions. It is, according to Lundahl and Skarvad (1999), common to use a taperecorder during unstructured interviews because the investigator can then better interpret the answers. The disadvantage is that it is possible that the use of a tape recorder can affect the interviewee negatively (Ibid), however the thesis writer explained to the interviewee that no quotes from the interview would appear in the thesis.

The thesis writer did not perceive that the use of a tape recorder made the interviewee feel uncomfortable with the situation. Moreover, he believes that some of the information that he was told, depends on a mutual trust between him and the interviewee that no vital information about the firm

would leak out. Therefore, many times the thesis writer possesses more knowledge than is presented in the thesis, which can sometimes give the reader a sensation that the thesis writer knows more than is written in the thesis.

The thesis writer, however, has tried to include as much information as possible without exposing the firm too much. The interview was rather unstructured, the thesis writer had prepared some questions within the field of interest, but they were mostly used as a check list for which areas to discuss. Unstructured interviews give the interviewee great liberty to decide what to answer, and these types of interviews also capture more of the interviewee's personal values (Lundahl & Skarvad, 1999). It was rewarding that the interviewee many times took the command, and spoke freely about the -21-

Method organisation, its aims and other topics related to the subject. At the end of the interview, the thesis writer asked if it was possible to call the interviewee to complete the data gathering, if needed. The thesis writer contacted the interviewee to assure that he had correctly understood what the interviewee had said about the factories of the firm, this was done since the factories were discussed at the beginning and towards the end of the interview, and the thesis writer wanted to be sure that when combining the two parts the resultant would represent the situation of the firms.

No further questions were asked, since the thesis writer did not consider it appropriate nor needed for this study. 2. 4. 4 Data handling As has earlier been said, some parts of the empirical material have, although it could be



interesting, been excluded from the thesis. It has, however, produced a better view of the firm for the thesis writer, which makes it possible to make better interpretations of the data. The validity of the data has to some degree been controlled with other people that have superficial knowledge about the firm, these people, however, do not have any insight into the decision process.

The thesis writer listened to the recorded tapes several times, and wrote down what he heard. After the text was written, the thesis writer listened once again to the tapes to be sure that nothing was left out, and that the presentation of the firm was correct. Thereafter a selection of what information to include in the thesis was done. The thesis writer's aim with this rather time consuming way of handling the data was to try to eliminate any misinterpretations that could have been the result of a faster process.

Therefore, the thesis writer claims that the empirical material of the work represents what the interviewee said, and that the text reflects what the thesis writer interprets as important for this study. The thesis writer would like to claim -22- Method that the iterative process of listening to the tapes and write down what the interviewee said refined the empirical material. The reason that the thesis writer believes this is that some issues that the interviewee mentioned could only be understood when heard in a broader context.

The thesis writer has not been able to find any inconsistencies when comparing what the interviewee said with the firm's current establishments. As a result, one conclusion that is drawn is that the interviewee has not lied

about any establishment, as far as the thesis writer knows. 2. 4. 5 Case study Lekvall and Wahlbin (2001), as well as Eriksson and Wiedersheim-Paul (2001), write that a case study is characterised by the study in depth of a few cases. This master thesis is based on a case study, the study object Bukowski design has been thoroughly studied, and analysed.

The focus of a case study is not to compare different study objects, or to generalise to a broader group. (Lekvall & Wahlbin, 2001). The thesis writer argues that the case study approach fits well with the systems view, since the system is in focus and no generalisation outside the system is considered. This study wanted to, in a first step, identify the internationalisation process of the case company, which made it necessary to understand the underlying values and motives for the decisions taken by the firm. Lekvall and Wahlbin (2001) argue that a case study can be used for identification of processes, underlying values and motives.

They further argue that it is valuable when the researcher does not know what aspects are important. The thesis writer means that the study of a specific case made it possible to better understand the internationalisation process of the firm, since it is important to consider many aspects to be able to understand the process. Therefore, the thesis writer chose to study many aspects, but with only one case. Eriksson and Wiedersheim-Paul -23- Method (2001) write that case studies are used when the researcher wants to study many aspects, but uses few study objects.

A case study can be used to generate new theories (Ibid). The thesis writer argues that the analysis of this thesis generates new unproved theoretical

knowledge, which can be seen as an extension of the existing theories within the field of study. Ejvegard (2003) argues, however, that the researcher must be careful when drawing conclusions. He means that before the conclusions can be considered accepted more studies, with a different approach should be conducted. The thesis writer would like to stress the importance of conducting further studies, his is expressed in this thesis in the section that treats further research.

#### 2. 4. 6 Criticism

Whenever a study has been made it is necessary to consider its validity, and to find factors that can reduce its value. This becomes especially important in the human sciences, Salner (in Kvale, 1991) argues that empirical studies in the human sciences have been accused of lacking validity. He further means that one of the main issues is the difficulty to separate objectivity from subjectivity in this field. The thesis writer agrees with this idea; it is difficult to say what is objective and what is subjective in this study.

According to the thesis writer's view on reality, every person will perceive different things in the world, depending on what his brain interprets as important, the broad picture will, however, be quite similar. This effect has been reduced in this study since the thesis writer listened to the tapes several times, which made it possible to partly eliminate some of the shortcomings of the human perception. The reason for this is that listening to the tapes many times made it possible to pay attention to different aspects each time.

There are researchers, such as Jensen (in Kvale, 1991), who mean that the language becomes -24- Method especially important in qualitative analysis. Jensen (in Kvale, 1991) argues that it should be considered as a tool during

the interview, as well as, during the textual analysis and interpretation. It is true that an interpretation must take place when the empirical data is analysed, but the thesis writer hopes that the interpretation is adequate, and that it as far as possible is not conditioned of the desire to make an interesting study.

No complicated terms were used during the interview that could have been misinterpreted. The questions that were prepared, could be considered partly redundant since the interviewee spoke rather freely about every aspect that the thesis writer had thought of. One important limitation was the lack of more extensive empirical material, to be able to draw any conclusions that goes beyond the scope of firms with similar characteristics as the firm studied, it would be necessary to have a bigger empirical base. This issue is also important to have in mind when it comes to objectivity.

In this case, there was only one person that was able to describe the firm's process, which could have affected the objectivity of the study. A person can deliberately give untrue data (Lekvall & Wahlbin, 2001), and if this person is the only source for the study, then it becomes extremely important that the person does not lie. The thesis writer believes that the interviewee was honest with him, and that the data is reliable. According to Arbnor and Bjerke (1998), the reliability within the systems view is of less interest, the most important is how the collected data can be used in the study.

How the data is interpreted depends on the design of the frame of references. For this study a rather limited frame of references has been used. The limitation of the frame of references can leave out important

aspects from the analysis. The limitation has been done in a way that permits the thesis writer to draw conclusions, trying to keep the interrelationships with the outer system as few as possible. According to Arbnor and Bjerke (1998) this becomes especially important when a system approach is used.

They mean that when one component is removed then there is a risk that wrong conclusions can be drawn, since some relations and synergies can be removed. The thesis writer, however, hopes that by trying to give a broad view, and by not making deliberate limitations, the quality of the results has not been affected to a great extent. Arbnor and Bjerke (1998) mean that a perfect fit with general theories is not needed within the systems view, it is more important that the results are believable considering the specific system.

This makes the thesis writer believe that the reader of this thesis to a great extent will be able to decide how valid the results are. The analytical part tries to give different explanations to the phenomena studied, thus giving a broad picture, which, according to Arbnor and Bjerke (1998), is what researchers with a systems view do to improve the validity of a study. -26-  
Frame of references 3. Frame of reference This chapter will describe the theories that will be used to analyse the empirical material. The basic model that will be used is the Uppsala model, which was developed by various authors in the seventies.