



**Munich Business School**

**Practical Application of the Uppsala  
Internationalization Model –  
Lessons from 8 Case Studies**

**Munich Business School Working Paper**

2018-04

**Kristof Kraemer, MBA**

Email: [Kristof.Kraemer@munich-business-school.de](mailto:Kristof.Kraemer@munich-business-school.de)

**Johannes Ritz, M.A., MIB**

Email: [Johannes.Ritz@munich-business-school.de](mailto:Johannes.Ritz@munich-business-school.de)

**Rafael de Cárdenas López, MBA (MIT)**

Email: [Rafael.Decardenas@munich-business-school.de](mailto:Rafael.Decardenas@munich-business-school.de)

**Munich Business School Working Paper Series, ISSN 2367-3869**

**Abstract**

The aim of this paper is to validate the Uppsala model by Johanson and Vahlne with existing businesses. In particular, the process of setting up a subsidiary in a foreign country. What are the strategic goals companies like to achieve in foreign countries with subsidiaries, what are their motives, and how do they accomplish it. To achieve this the paper uses the method of expert interviews and puts them into comparison with the theoretical internationalization model, the Uppsala model. The research goal is to find suggestions of how to set up a subsidiary and what important factors should be kept in mind.

The Uppsala Model appeared to be closer to the real business environment, which was the reason to focus on it as a theoretical model and use it as a base for comparison with case files of firms.

Afterwards, eight experts from different companies were interviewed about the Set-up of a chosen subsidiary in their company and its learnings from the process, especially on how they handled the process. The companies were selected from various industries, different sizes and backgrounds, to give a broader view and to find similarities throughout industries. Overall, none of them based their strategy of internationalization on a theoretical model. The results show that the Uppsala model is a useful guidance tool for the internationalization process, even though in the existing business environment basic entrepreneurial behaviour is used instead of a theoretical model to plan the strategy. They all acted in an entrepreneurial way and mainly the foreign market demanded the expansion. The suggestion is to maximize knowledge in the foreign market and build deep and trustworthy relationships, to avoid unnecessary issues, which result from lack of knowledge.

## **Introduction**

In this paper companies and their internationalization processes are being reviewed and put into comparison with the internationalization process model and its theory. How was the process executed? What were the results and lessons learned? What can be drawn from these experiences? What are the practical recommendations for implementation to aid decision making process? To do so, the Uppsala internationalization model will be the theoretical background and is combined with the expert interviews. Which advice and process of activity can be given for a company to extend its business further abroad.

The topic of internationalization is of high relevance in modern time. Start-ups are created globally and compete against large and established companies. Businesses have a natural tendency of growing and expanding when reaching a certain level. The beginning of the internationalization process is started by recognizing international opportunity (cf. Chandra, Styles & Wilkinson, 2009, p. 31).

In an increasingly competitive environment and faster growing markets it seems to be important to adapt to fine needs in the individual markets. Whether this is the case and how a subsidiary in the local market can be of benefit will be discussed in this thesis.

Buckley and Mucchielli mention in their publication in the year 1997 that direct investments have grown in the last decade and started the debate in some cases of how much influence they actually have on domestic economies. More in doubt is though, what policies and strategies should be taken into consideration to make these investments more profitable for all partner countries. There are many reasons for companies to go abroad and choose to export. Direct investments are primarily a strategic element, because it is considered to be a long-term investment. Companies need to decide beforehand whether their strategic objectives require a direct investment or a different form of entry (cf. Buckley & Mucchielli, 1997, p. 123 f.).

Foreign investments are, according to Buckley, very important to host countries' economies because they bring tangible and intangible assets which mobilize the country's own resources, such as labor. Therefore, foreign investments do have an influence on the industrial activity in this country. Foreign subsidiaries generate positive externalities from which the whole host country's industrial system benefits, because the level

of the foreign subsidiaries' skills and productivity is above national average (cf. Buckley & Mucchielli, 1997, p. 158-159).

From a trade perspective, globalization gains more importance as a factor for growth because of changes, such as reduction of barriers for trade and investment, growth and integration of world financial markets, and advances in technology. According to Cavusgil and Knight, in the 1960's, cross-border trade was at a modest rate with about \$100 billion per year. Around 2009 the amount had risen to over \$10 trillion annually, accounting for a substantial proportion of the world economy (cf. Cavusgil & Knight, 2009, p. 19).

Sternberg strengthens through his research that Nordic studies show the path of companies to become more committed in international operations follow a similar way. They usually start with export via an agent or distributor, to a sales and marketing subsidiary, and in the end to a production subsidiary. This process is related to increase of knowledge, experience, and skills developed over time, and also driven by more opportunities and threats from foreign markets (cf. Stenberg, 1992, p. 16).

### **Literature Review**

In general, the majority of the authors are in the opinion of describing internationalization process theories through experience and practice. Experience, developed through learning in the steps in international markets, is crucial in this procedure. Limitations such as lack of knowledge and uncertainty are deterrent effects to the internationalization process (cf. Blomstermo & Deo Sharma, 2003, p. 19).

Because this paper is focussing on setting up or building subsidiaries in foreign countries, the model was chosen due to its location factors involved. In addition, it is believed to be one of the most common and maybe even influential one for the industrialization process.

The reason to focus on the Uppsala model by Johanson and Vahlne is that it tries to explain the internationalization process of firms through experience and knowledge learned. It is especially suitable to explain small and medium size enterprises in their growth plan and also explains the approach from firms to start expanding and investing in nearby markets due to psychic distance between the domestic and foreign market. In 2009, Johanson and Vahlne reviewed their model and concluded that their model is

also applicable to large firms and corporations as such (cf. Johanson & Vahlne, 2009, p. 1425).

Internationalization could be understood by situational logic. Although the principles may be well established, the conditions under which those principles operate may be varied and variable in such a way that general rules are hard to follow. The barriers to internationalization and its process change over the company's life and industry, making the internationalization process a dynamic movement, which is hard to understand within a static framework (cf. Zan et al., 1993, p. 94).

As Zucchella found out in his study about Italian firms, the main objective of his research was that one given model does not reflect the actual differentiation in small firms' strategic behaviour. The idea behind his research was to show that small and medium size enterprises do not necessarily have to be a minority player in international markets and become market leaders as well in segments and tiny global niches. They were able to do this by concentrating their resources on a limited product-market combination by developing exclusive competencies (cf. Taggart, Berry & McDermott, 2001, p. 59).

Erdil's research of Turkish firms show that the investment has been done with exports first, and later in the process adding further commitments in form of subsidiaries to the country. These cases also show that once a company went into a foreign market, their expanding activities rely on more direct investments and partnerships later on (cf. Erdil, 2012, p. 1248).

Stenberg mentions in his research paper that companies should look for their ability to change and develop a steering system together with their internationalization process (cf. Stenberg, 1992, p. 1).

In terms of the European market, Zucchella states that the creation of the European market and a growing global interdependence have not led to the assumption of the traditional model of the large firm to be the best way to internationalization. On the other hand, the expansion of the horizon of reference, has led small firms to better understand their limits and also make them aware of the options to choose from and select the best alternative to suit their characteristics and potential of the company (cf. Taggart et al., 2001, p. 60).

In his research about start-ups, Jeffrey Johnson mentions another reason why start-ups tend to be international from the beginning. According to him, a key distinguishing characteristic is that the founders of firms he analyzed had a profound international vision for their companies from the start, which lead to an early internationalization process. The founders and top management had the perceived necessity to enter important industry markets on a global scale, with their international and competitive nature of their industries and the desire to be an international market leader (cf. Taggart et al., 2001, p. 70). This view matches with other findings in reviewing different models in the internationalization process, especially when talking about born global companies.

Born global firms often possess an international vision from the start, offering innovative products or services which are marketed through strong networks and relationships and tightly managed organizations focused on international growth. Different to the Uppsala model, where internationalization evolves systematically, born global forms seem to employ a range of entry options, often simultaneously (cf. Cavusgil & Knight, 2009, p. 64 f.). They seem to leverage a specific collection of orientations and strategies to overcome the disadvantage of being rather small players in a global marketplace. These factors typically consist of a collection of unique organizational resources and capabilities, which are particular characteristics of born globals (cf. Cavusgil & Knight, 2009, p. 76).

Johnson further concludes that the evolution is representing a paradigm shift away from the traditional start-up with mainly domestic focus to the 21<sup>st</sup> century start-up with an international outlook, orientation, and activity right from the start (cf. Taggart et al., 2001, p. 70). This is a suggestion for a firm's top management to adapt its strategy to this paradigm shift in today's business environment.

Ibeh states in his research paper important capabilities and competencies which small and medium size enterprises should have. They should have specific resources including things like experience from international-oriented decision makers, networks and relationships, product quality and technology, finance and foreign market information. Although all these resources do not have to be met to internationalize or perform well in an international market, the more crucial aspects are the skill and vision with which they deploy internal capabilities, while leveraging external resources in areas of slack.

Key thrust should be improving and strengthening the companies' research position (cf. Taggart et al., 2001, p. 85).

The internationalization process is knowledge that is being acquired, integrated, and utilized for international operations and activities in foreign markets (cf. Simin, 2010, p. 3). A good measure of internationalization and analyzing the stage a firm is currently in, is to quantify the amount and share of commitment to international operations (Stenberg, 1992, p. 15).

Especially when looking at small to medium size enterprises, experts as well as amateurs could argue, that internationalization is not a necessity (cf. Kutschker & Schmid 2011, p. 379). The focus is on location-based approaches. These approaches cover geographical aspects in combination with why, how, when and where. The difficult part for these theories is the various motivations coming from inside the organization, motives and various other influences (cf. Kutschker & Schmid, 2011, p. 442).

Internationalization process theories are usually premised on a knowledge background based on learned experience. "Learning by doing" is a key element in the experience gaining process (cf. Blomstermo & Deo Sharma 2003, p. 19).

The main point in the location-based approach is that for foreign activities, it is crucial to combine the company's internal characteristics and the motives to go abroad, rather than only looking at the conditions and where they are most favourable. A clear theoretical statement is not possible, as already discovered by most of the authors, because of the highly specific conditions for each activity and also the company's internal factors (cf. Kutschker & Schmid 2011, p. 446).

The basic idea of foreign market service strategy, according to Buckley, is primarily export, licensing and other contractual relationships as the second step, while the final step is foreign direct investment. The channels of distribution and relationship with the buyer may vary depending on the type of strategy. Export can be done through agents, distributors, merchant houses, trading companies, or other middlemen; or direct export. Licensing is a generic term, covering various non-direct investments such as simple sale of assets (brand name, pattern), franchising, turnkey operations, contract manufacturing, or management contracts. Direct investment as the most committed step contains things such as marketing and production operations. Sales subsidiaries as well as production subsidiaries can range from assembly only to full production line. Also,

further differentiations can be drawn in the style of subsidiaries, ranging from a joint venture to wholly owned subsidiaries (cf. Buckley & Mucchielli, 1997, p. 34 ff.).

The location and strategy decisions must be seen as a whole (exporting, licensing, and foreign direct investments), which is an important aspect for managers as well as politicians. Effects on the host country and the domestic market need to be considered, when there is the wish to intervene and redirect location decisions (cf. Buckley & Mucchielli, 1997, p. 49 f.).

According to Andersen, the Uppsala model is more general and further developed than other process models, because it applies to small and large firms, time and space play a lesser role, which gives the model a higher generalizability over other models (cf. Blomstermo et al. 2003, p. 21).

Jan Johanson and Jan-Erik Vahlne basic believe is that the step-by-step gain of knowledge through experience works in collaboration with further investments in foreign markets (cf. Macharzina & Oesterle, 2002, p. 261). It also can be explained as being behaviourally orientated, with focus on data, and knowledge being gained through experience (cf. Blomstermo & Deo Sharma, 2003, p. 20). By reducing fear and unknown factors about foreign markets, companies can extend their binding of resources in steps (cf. Macharzina & Oesterle, 2002, p. 261). The Uppsala model not only tries to explain the status of internationalization but also describes and combines the process of internationalization (cf. Kutschker & Schmid, 2011, p. 466).

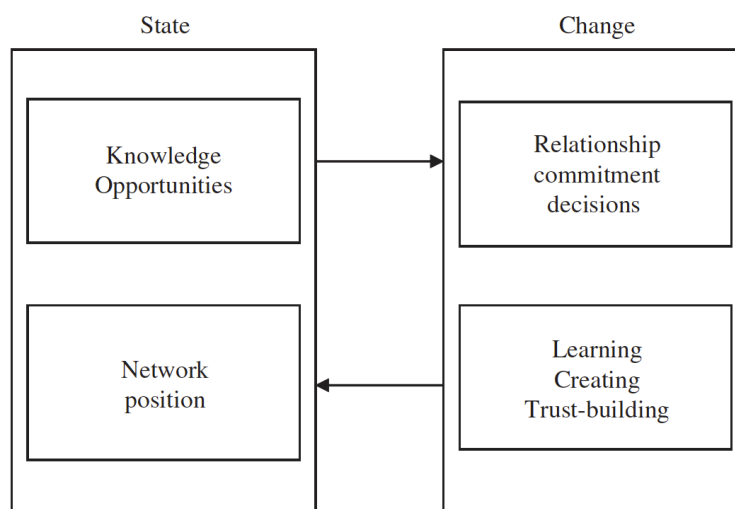
The concept of this model is concentrating on experimental learning though commitment decisions and business activities in foreign markets, but leaving out the possibility of imitative learning, such as reviewing others and adapt this to their own needs (cf. Glowik, 2009, p. 40).

It is difficult to plan an internationalization process well in advance. Organizational structures and routines are built gradually because of the learning process, where first a company's internal capabilities and competence, such as language qualification of employees, and as a second step, the requirements for foreign markets, such as the process of quality consciousness and service expectations, are being learned. Making the history of the company to be understood is an important aspect, because sporadic interactions in foreign markets only provide little experience. The more interaction and



exchange is taking place, the better the company can learn and improve its internal organizational routines and processes (cf. Glowik, 2009, p. 39).

The Uppsala model explains how companies intensify their investments and activities in foreign markets. The authors, Johanson and Vahlne, describe it as a step-by-step learning process and gaining knowledge through experience. This is correlated to the amount of investments into foreign markets. The process itself is relatively slow because the amount of investments and commitment depends on the knowledge and experience gained before and through previous activity and increases over time. They further describe in their model the correlation between uncertainty and commitment. The higher the uncertainty, the lower the will for commitment is. With knowledge and experience the uncertainty factor can be reduced because risk factors are limited and with it the willingness to increase commitment into a foreign market rises. A key aspect for Johanson and Vahlne is the building of network and relationships inside the foreign market. An expert of the foreign market is needed to minimise risk and increase knowledge and experience about the country (cf. Johanson & Vahlne, 2009, p. 1425).



**Figure 1: The revised 2009 version of the business network internationalization process model**  
**Source: Taken from the article of Johanson & Vahlne, 2009, p. 1424**

According to Johanson, the business environment these days has become a web of relationships or networks, rather than the classic idea of a market of independent suppliers and customers as it was the case in the past. Compared to his original model, Johanson sees now the need to add “trust-building” and “knowledge creation” into his approach. The fundamentals of the basic Uppsala internationalization model remain

intact (cf. Johanson & Vahlne, 2009, p. 1411). The changes to the model and its final set up is being shown in the above model.

### **Methodology and Samples**

Eight experts from various fields were interviewed in order to gain feedback from activities in the internationalization process happening in the real business environment. Based on the findings from the Uppsala model, the questions are being asked about strategy, reasons to expand, experience and relationships, and about certain aspects, such as infrastructures and other factors that could influence the decisions about the location in the foreign market. In order to get a broader understanding of the internationalization process, the experts are from different fields and industries. Reason behind choosing different industries is to review and obtain an idea, whether there are similarities in the activities and decisions. Another reason is to see whether the Uppsala model might be more suitable to a specific industry or if it seems to be equally suitable throughout industries and companies.

The qualitative content analysis of these expert interviews has been based on Mayring's theory and its idea about analysing communication and to him, expert interviews are a way to gather and analyse information. The idea is to collect the data of all experts with the same questionnaire and in the process of the analysis the information given are being bundled to the most important aspects (cf. Mayring, 2010, p. 33 f.).

The companies vary from small/medium size enterprises to global corporations with a long history. According to Calabrò et al., without exceptions, all types of companies from small to large, local to multinational, or family to nonfamily business are all involved in the globalization of markets and its business activities (cf. Calabrò, Brogi & Torchia, 2015, p. 13).

Simin concludes the internationalization process of small and medium enterprises as a combination of different resources and competences. Every company has its individual approach and pace in realizing the activities. It depends at what stage the firm uses its resources and competences. If it is being done from the beginning, these companies tend to become international immediately and rapidly (cf. Simin, 2010, p. 16).

Reasons to choose expert interviews as part of the qualitative content analysis are the experts' insight and knowledge to a specific topic. They help to create a better understanding and are a common form in qualitative interviews (cf. Mayring, 2010, p. 33). In this case, to receive feedback and experience from the actual field of work in a real business environment. These experts are able to tell the thoughts and decision, which appear in an entrepreneurial behaviour.

Bogner, Littig, and Menz mention multiple advantages for choosing experts. For one, it is an efficient and concentrated form of data gathering, while shortening the gathering process in general. An additional advantage is, experts usually hold key positions in organisations and can gain access to further sources of information, or even to an extended pool of experts. The authors believe expert interviews to be an effective mean to not only obtain good results, but obtain them quickly (cf. Bogner, Littig & Menz, 2009, p. 2). Another benefit of qualitative interviewing is the chance to create an interaction with the expert beyond conversational exchange in order for the interviewee to be able to speak openly about their experience and understanding (cf. Edwards & Holland, 2013, p. 77).

The eight companies and experts have been chosen from different fields and backgrounds to find differences or similarities in behavioural patterns. The challenge was to get the highest position possible, from CEO, owner/founder, general manager, head of, or involvement in the merger and acquisition process. Requirement was to discuss at least one entity of the firm, which is being used as a subsidiary in a foreign market. With each expert and its company, it was also tried to review different countries to study the market entry barriers and discover the challenges faced in each of them.

Important for the interviewer when speaking to elites is to be prepared and be familiar with the expert's background, career, or the company being represented, and also have in-depth understanding about the topic. This can help to position the interviewer as someone to be considered equal in terms of the situated knowledge and with it increase the imbalance of the status (cf. Edwards & Holland, 2013, p. 82).

The first interviewed company was Atlantum Europe GmbH. Their strategy for the internationalization process has not been based on any theoretical model. Part of the companies' expanding strategy was the acquisition of Atlantum and create this company into a subsidiary in Germany and use the expertise to serve the relevant markets.

From the overall experience of the past, Mr. Torkuhl would do one thing differently, which is to focus more on intercultural communication and exchange in order to prevent internal roadblocks.

The second company was Daimler AG and it can be summarized that even though existing subsidiary hubs exist in the foreign market which can be used for further implementations. Similar issues as to a new set-up process appear and need to be solved. Learnings from the past activities have been in this case from the implementation of the GCM model in Asia where they needed to integrate all stakeholders from the beginning as soon as possible. Furthermore, it became obvious that every country has its own culture and activity, especially when it comes to the implementation of new processes. As Mr. Schöller stated it: “different strokes for different folks”.

To sum up the third company, OrmoSys, their internationalization process shows that the main driver to expand into the U.S. was the demand for further growth and a market that looked lucrative, while having a niche opportunity at the same time with its specialized system. Although Mr. Langmeier did not use any theoretical model, it can be compared to the Uppsala model in aspects such as gaining knowledge with nearby countries. He first went into markets such as Poland, Bulgaria, and Turkey before making the decision to expand into the U.S. market. One major thing he would do differently today is to focus more intensively on searching for good distributors and local partners. Mr. Langmeier would invest into special brokers finding the suitable distribution partner, instead of attending major orthopaedic trade shows.

Technica Engineering GmbH’s CEO and founder, Mr. Rodriguez, had the natural need to grow and extend his business. In order to do so, he relied on a trustworthy employee, who suggested Tunisia as a country to expand to, because of favourable reasons such as high-qualified staff for less costs. He did not base his strategy on a theoretical model or approach, but as the example shows, the experiences he had are comparable and would be explainable with the Uppsala model.

For the fifth company, it can be summarized that the Trützschler GmbH & Co. KG shows a successful internationalization process, which has not been based on theoretical models. The decisions to go into markets such as India, Brazil, and the USA one after another are due to entrepreneurial behaviour and the demands of the market to invest and grow the business.

The sixth example of Ludwig GÜsken GmbH and its fully owned subsidiary Sinotex Far East Ltd. is a good example that despite well executed internationalization strategies and actions, there can always be factors which can make all efforts nice. If the cost issue would not have been a major effect and drop in prices of ties would have limited the market, Ludwig GÜsken GmbH would probably still be weaving today. Lessons to be learned from this example are, in order to expand internationally, a good partner in the foreign country is key and of high relevance. Because a local informant, who knows how to deal with the local situation and governmental causes is needed, as well as the own willingness to fully commit if required.

Overall, company number seven, Xiamen Lenco Industrial, is a good example of a multicultural corporation that has its headquarters in the United States, manufactures in Asia, and expands into foreign countries such as Europe and the Middle East with a subsidiary which is focused on distribution and sales. Again, the strategy has not been based on any theoretical models. But a few aspects of their behaviour can be compared to the Uppsala model. For example, the demand of the market is the driver to expand into the territory. They went straight to having a complete subsidiary in Germany, with warehouse and sales but also continue to use distributors throughout Europe to serve independent dealers. From a learning perspective and the experience in the past, Mr. Körner said that the set-up worked well and the right partners were chosen. The only thing he would do differently is an order of different products to start with, since the first one has not been perfect, due to wrong products for the European market.

The eighth and last company, BASF SE with its expert Christoph Garbotz, shows that an acquisition of a whole company can also be a good strategy in the internationalization process of a firm. The demand to grow a specific business field was given, and by acquiring the market leader in this field, the company's structure and set-up could be used and the production and process could be implemented into the remaining business. BASF's strategy to expand with this strategy has not been based on any theoretical model. But as in the other expert cases, some of the aspects can be put into alignment with the Uppsala model. For example, that in this case of Pronova BioPharma, the implementation process could feed off experiences from previous merger and acquisitions. Especially when it comes to implementing processes and systems.

As each interview showed, the main similarities are that all of them learned through their experiences. The internationalization process was forced by the need to grow and extend the business. An interesting aspect is that none of the experts' companies based their strategy on theoretical models such as the Uppsala model. However their actions match some of the Uppsala model's theories.

The needs in each case vary depending on the product the firm offers. For some it is critical to have the right infrastructure, such as BASF (production plant), Gsken, Xiamen Lenco, or Trtzschler, while for others it is more important to have an appropriate location to attract talent and high-quality staff, such as Technica, Atlantum, or BASF (office).

The Uppsala model has some important factors described and should be taken into consideration by companies in their strategy plan for building subsidiaries. Although as already mentioned, none of the experts used this theory, they all showed parts of the model in their behaviour and activities. May it be consciously or unconsciously, but these factors made the difference. A key aspect is the relationship and network establishment. This has played a major role in the success for the expert and its subsidiary. Therefore, using the Uppsala model has its advantages when being used as a source for planning the internationalization process. Provided that the model and its results are adapted to the specific needs and current situation a firm is in.

The comparison and connection between the findings from the expert interviews and the theoretical approach in the Uppsala model is being explained in the next chapter.

## **Discussion & Lessons Learned**

In this chapter, the findings from the experts with the theoretical Uppsala model are combined. The discussion about the literature versus case studies and also the main differences and lessons learned will be explained in detail.

Luostarinen et al. describe three drivers of a subsidiary (cf. Taggart et al., 2001, p. 182 f.):

1. **Parent-based drivers:** decisions are made by the headquarters and assigning specific roles and activities to the subsidiary (top-down approach).

2. **Subsidiary-based drivers:** decisions are made by the subsidiary managers regarding the activities undertaken by the subsidiary (bottom-up approach).
3. **Host country based drivers:** decisions, influenced by environmental factors, are made by head office and/or subsidiary managers regarding the activities undertaken by the subsidiary

These three drivers interact and create a cyclical process, which changes the subsidiary's role over time. Especially the headquarters and subsidiary-based drivers should be seen as complementary rather than interdependent (cf. Taggart et al., 2001, p. 182 f.). In the eight expert case studies, all three approaches can be found and the drivers mainly come from management decision in the domestic headquarters, how they decide to let the subsidiary being managed.

An example for a parent-based driver is the company Trützschler, where all subsidiaries are wholly owned by the parent company and final decisions and sayings are from.

On the contrary, an example for subsidiary-based drivers is Xiamen Lenco in Germany. Here the managers from the subsidiary have the main saying and planning of the right set-up and have only little influence from the headquarters in the USA.

A sample company for the third driver, host country based driver, is Atlantum, where decisions are influenced by the needs and demands from the industry. The local environment is important, the influence from the headquarters abroad are still high and could have the final say in decisions. Depending on the case and project.

Company	Market/Country of subsidiary	Expert / Partner in the market	Expert is a	Influence from HQ	HQ located in	Industry	Subsidiary successful
Atlantum	Germany	yes	local manager / employee	yes / financially and strategically	South Korea	Chemical	yes
Daimler AG	USA	yes	first German, than local manager	yes / overall saying	Germany	Automobile	yes
OrmoSys	USA	yes / no	local contacts for product improvement	yes / 100%	Germany	Medical	yes / no
Technica	Tunisia	yes	local manager / employee from Germany	yes / 100%	Germany	Software / Automobile	yes
Trützschler	China, India, Brazil	yes	local manager	yes / 100%	Germany	Textile	yes
Güsken	China	yes	local manager / key customer	yes / 100%	Germany	Textile	yes
Xiamen	Germany	yes	local manager	minor influence	USA	Bicycle / Medical	yes
BASF	Norway	yes	complete entity	yes / high influence	Germany	Chemical	yes

**Figure 1: Overview of Expert Interviews and their companies and subsidiaries**  
Source: Thesis expert interview questionnaire

The chart above summarizes all eight experts and their companies, respectively their subsidiaries, to illustrate how each of them is running the specific subsidiary. What is interesting to see, is the correlation between an expert or local partner in the foreign market and the overall success of the subsidiary in this market.

Every subsidiary is running successfully and without major issues. The only one that states to encounter a problem with his operations is OrmoSys. Mr. Langmeier had local partners and experts that worked in the medical field and were able to help him to improve his product to meet the demand for the U.S. market. However, he was missing trustworthy partners for distribution. This is indicated in the above chart with “no”, because he had to terminate the contract with his distributor and operations partner due to trust issues and unreliability. He said, if he could start all over again, he would invest into an agency that finds the right distribution company for him, in order to minimize the risk and also overcoming the missing expert for this part of operations.

Relying on existing relationships can lower the inherent risk and uncertainty that appear when going into foreign markets. Decision makers therefore should be encour-



aged to rely on their interpersonal ties. If they do not have the right contacts with potential buyers, they can compensate this by employing brokers with an established network abroad (cf. Ellis & Pecotich, 2011, p. 11).

Comparing all eight companies, it became evident that regardless of the industry or size, all had an established network and relationships, which allowed them to go into the foreign market and set up their operations.

Interestingly, each subsidiary manager is a representative from their respective country. Only in the introduction phase, a manager from the headquarter in the domestic market has been there to train and help setting up the entity, before handing it over to local management.

Lessons to be learned from the experts are that their internationalization process can be described as an entrepreneurial behaviour, where opportunities are discovered and forms of investments are being made to gain market share and profit.

### **Discussion: Literature vs. Cases and Research Insights**

Overall, it can be said that the Uppsala model describes the internationalization process quite precisely and is close to the real behaviour in daily business, although it might not be wise to strictly stick to the Uppsala model's growth plan of action. Chances to lose out on possibilities and chances of foreign market activity is quite high and with the globalization opportunities that exist today, barriers are less than they were a few decades ago. Main reason for this is that the model suggests to gain knowledge in nearby markets and countries first before expanding into further away territory.

One aspect that clearly stands out is the fact that none of the experts used any sort of model to plan their strategy upon. Entrepreneurial behaviour in general and the demand from the foreign markets were the initiators to expand.

Company \ Uppsala Model	Gained experience before expanding	started off with Export / Agency involvement in the market where the subsidiary is now	Simultaneous Expansion into other markets	Start in close by markets before going abroad	Network / Relationships	Int. Strategy based on theor. Model
Atlantum	yes	no	yes	no	yes	no
Daimler AG	yes	yes	yes	no	yes	no
OrmoSys	yes	no	yes	no	partially	no
Technica	no	no	no	no	yes	no
Trützschler	yes	yes	no	no	yes	no
Güsken	yes	yes	yes	no	yes	no
Xiamen	yes	yes	yes	no	yes	no
BASF	yes	yes	yes	no	yes	no

Figure 2: Expert activities in relation to Uppsala model

Source: Thesis expert interview questionnaire and Kutschker & Schmid 2011

The above shown chart is putting the expert companies and their activities with their subsidiary into comparison of steps described in the theoretical Uppsala model. An interesting finding is that besides none of the experts based their strategy or information on a theoretical model. However, their action matches some of the descriptions by Johanson and Vahlne in their model.

In the below overview, the similarities, differences, and top five lessons learned are charted.

### Literature & Case Files

Main Similarities	Main Differences	Top 5 Lessons Learned
Demand to grow / recognize opportunities	No one based their strategy on a theoretical model	Demand to go into the foreign market as a driver
Establishment Chain	Establishment Chain	Local expert / contact in the market is key
Experience	Psychic Distance Chain	Experience: The more knowledge you have the better you are prepared.
Relationship & Network	Investment / Commitment is in relation to Experience	Do not rush into the market / Be prepared
Knowledge is important	Consideration of specific situations (phases, firms, or foreign markets)	First market to expand into not necessarily needs to be close to domestic market

Figure 3: Overall Findings - Comparison of Literature & Case File

Source: Thesis expert interview questionnaire and Kutschker & Schmid 2011

The “Establishment Chain” can be found in both similarities and differences. Reason for that are some companies, like Gsken or Trtzschler, started in the foreign market with a form of export, followed by a sales team, and in the final step a subsidiary. Other companies like Technica or OrmoSys went straight into the foreign market with a subsidiary.

### **Main Similarities**

As mentioned in the previous chapter, the main initiator to expand to and invest in a foreign market is the demand to grow. Market opportunity and the necessity to invest were discovered. This matches the finding Johanson and Vahlne discovered in their model and during their research, too. They say that it can result from two reasons, either it is the company's plan to be active in this market or the demand from inside that market, either from customers or other contacts, brings a particular country to the company's attention (cf. Johanson & Vahlne, 2009, p. 1425).

Another similarity is the establishment chain, which is described in the model as a four-step process. Starting with minor involvements, to regular export behaviour, before implementing subsidiaries or sales and marketing departments, and in the fourth and final step looking at implementing complete production facilities in the foreign market. Usually the domestic market is in focus at first and after being well established, either the foreign market demanded it or the firm was actively looking in which markets to expand with the objective to grow. Exports were the first steps in the foreign regions, before the market demanded a higher investment in either a form of operational office such as sales and marketing, or for example in the case of the firms Gsken and Trtzschler, which both invested with a complete production facility in the foreign market to meet demands and be competitive.

An important factor is experience. One of the key statements in the Uppsala theory is that through experience, the growth and investment into other markets are the foundation which is needed. This aspect can be withdrawn from the case files, too. Most of the experts had foreign market activities either through smaller export activities such as distributors or an agency, or in terms of corporations, where subsidiaries already existed and various markets already have been developed.

This leads straight to the next very important, if not the key aspect and similarity between the model and the case files: Relationships and contacts in the foreign market.

Johanson and Vahlne did not have this aspect in the original model, but when reviewed in 2009, they added this aspect to their model. Basically, saying that it is of high relevance for the internationalization process to build trust and commitment with the partners in the foreign countries. Furthermore, having the ability to learn are preconditions for the internationalization process (cf. Johanson & Vahlne 2009, p. 1411 f.). This is key to avoid unnecessary complications when entering and during the set-up process in the market. Experts, locals, experienced staff that know the territory, the market, and the culture need to be implemented into the process from the start to gain market knowledge. This aspect is shown in every example, where a good, trustworthy, and strong relationship and the ability to learn from the local market experts is key to be successful. Two examples from the case files are Güsken GmbH and Technica Engineering GmbH. Mr. Güsken had a great relationship with a customer in China, who helped him set up his subsidiary and production facility, leading to a successful business in the foreign country. Technica Engineering GmbH had an employee from Tunisia, who Mr. Rodriguez had a trustworthy relationship with, and his employee was a market expert in Tunisia, helping him setting up everything in the right location and being able to overcome barriers and problems facing in this market. On the contrary, Mr. Langmeier from OrmoSys, had only a good network of people who helped him adapt his product to the market, but did not have a network or contact for distribution and sales, which ended up being a serious problem and the need to restructure his sales division.

### **Main Differences**

The main difference is that none of the experts based their strategy on the Uppsala model or any other theoretical model. To some the Uppsala model was even unknown.

Another variance between the Uppsala model and the experts' experience is the steps towards a subsidiary and investments in foreign countries. According to the Uppsala model from Johanson and Vahlne as shown in the chapter earlier, the right way is to first go into nearby countries, which are physically and psychologically similar to the domestic country. The first steps then are to implement a sales team or agency/distributor before further investing with a wholly owned subsidiary or alike. As shown in the expert interviews the investments in these cases have been straight into a subsidiary for certain foreign countries. However, the amount of investment varied from case to case, but they all skipped the smaller steps, such as exporting small amount of products

or working with a distributor, before setting up their own subsidiary. The closest to this procedure as explained in the Uppsala model is Xiamen Lenco. Their strong focus is on sales and business development in Europe and Middle East, but from a supply perspective they went directly into the market with a warehouse implementation and combination of a direct delivery from the production plants in Asia to certain customers in the Middle East.

Another difference is shown in the psychic distance chain. According to Johanson and Vahlne, they believe that firms expand into psychologically nearby countries, which are similar to the domestic one, before going further abroad. On the contrary though, many firms from the expert case files show that this is not always true. Companies did expand into nearby countries and did business with, but proper investments in other territory and further abroad either happened almost simultaneously or after a short period of time (cf. Appendix - Expert Interview #1 - 8, 2017).

Investment and commitment towards a market is also not necessarily related to market knowledge. According to Kutschker and Schmid, the constant interaction in a market leads to more knowledge and experience, and with this to further commitment and investment in the market (cf. Kutschker & Schmid, 2011, p. 469). As the expert interviews show, in reality this is not always the case. Technica Engineering for example invested directly into Tunisia and their subsidiary because he trusted his employee and trusted his knowledge. On the contrary, companies like Trützschler or Güsken did increase their investment in the specific market over time and with growing knowledge and demand.

The last difference to be highlighted when comparing the theoretical model and the expert interviews is a criticism about the model brought up by Anderson. He criticised the missing consideration of specific situations in the internationalization process. Although Johanson and Vahlne argue that a generally applicable model is not able to consider all sorts of occurrences (cf. Johanson & Vahlne, 2009, p. 1417), the expert cases show that in order to be successful when setting up a subsidiary in a foreign market, you need to be adaptive to changes and take into consideration all sorts of different aspects to lower uncertainty. This aspect of difference can also be combined with the fact that it does not matter at which state you are as a company in order to expand into other foreign markets.

## **Top 5 Lessons Learned**

In this last part, the top five lessons learned are being explained. Taken from the comparison between the Uppsala model and the expert interviews. Since the outcome in the real work environment has a more important standing, the main five lessons learned are taken from the expert interviews and are associated with the corresponding relevance in the Uppsala model.

- 1) The demand is there to expand into and get access to a certain market in order to grow the business. This has been the case in all expert interviews. Also, the Uppsala model stresses the move from firms towards an internationalization approach driven by demand or need in a foreign market.
- 2) The second lesson learned is to have a key contact in the foreign market. Someone who is an expert in the market, the country, and the business environment. who has local contacts and sources. Learned from the interview partners, almost everyone had a contact in the market through either a customer or an employee, which helped to make the business set-up less problematic and issues were known or could be solved fast. This lesson is described in the Uppsala model as relationship building and improving trust and commitment in the market. Johanson and Vahlne believe these components to be a key aspect in successful internationalization and learning. Building relationships, trust and commitment, and the ability to learn are preconditions for internationalization.
- 3) Experience is the third lesson that can be withdrawn from comparing the interviews with the model. The more experience is gained, the more knowledge can be used for further processes. Problems and issues from past processes can be avoided. Although it needs to be pointed out that each country has different challenges and different aspects that may not have occurred before. Contrary to the Uppsala model, where it is stated that learning is a process that takes time and the growth is being done step by step. As learned from the experts, this is not always applicable and feasible, yet important to have nevertheless.
- 4) The fourth lesson to be taken away is to not rush into a foreign market. Research, market knowledge, background information, and contacts need to be established and set-up in order to start the actual implementation of the subsidiary.

Going into a market with a trial and error mentality is more likely to be unsuccessful and not of great value financially. This is shown in the case files in a combination of research and experience in the foreign country from the individual itself or its contacts. Again, relationships have an impact on this because through help of a partners' knowledge and experience, decisions and opinions could be formed. The model describes this behaviour in an indirect way. It states it as the 'Establishment Chain', where at the beginning, investments in foreign markets should be minor and only with more knowledge and experience further commitments are to be done. This includes financial commitment, systems, processes, and labor.

- 5) The last lesson to be taken away from this research and comparison is for a company, a psychologically nearby country does not have to be the first choice when extending the business away from the domestic market. Although Johanson and Vahlne describe it in their model as the psychic distance chain, in which companies go into close by countries first, which are of similar characteristics such as culture, behaviour, and language. After establishing their foreign experience in these countries, they are willing to try markets further abroad, which are of complete different nature to their domestic country. The examples show that this does not necessarily have to be the strict way the process is supposed to be accomplished. Many companies do business in nearby countries, but at the same time or after a short period of time enter into foreign markets far away. Usually, the reasons are the market opportunities there, and in order to remain competitive and gain growth this step has to be completed.

### **Practical Implementation of the Uppsala Model and 8 Cases in a company**

This part will cover the Uppsala model in combination with the findings from the expert interviews. It is the foundation for strategic suggestions and recommendations for actions in the internationalization process for a company when expanding their involvement in foreign countries.

International experience and knowledge further helps a company to search for opportunities abroad because they know what to search for (cf. Chandra, Styles & Wilkinson, 2009, p. 39). Chandra et al. found in their research that international market entry is largely a process of opportunity discovery rather than intentional search, in particular

when no or only little international experience and knowledge exists (cf. Chandra, Styles & Wilkinson, 2009, p. 51)

How and where the investments will be spent to set up a fully owned subsidiary, remains to be decided by senior management and the financial opportunities.

Taking the knowledge and experience from the experts and their individual cases, the key aspect is to have a local market expert as a partner. Either through an employee, current customer, or any other sort of relationship or network. The cases clearly show that if a trustworthy and knowledgeable partner can make the difference between running a successful operation entity in the foreign country or running into more problems than necessary.

This leads straight to the next recommendation: management and decision making. As shown in the chart in figure 7, the influence always has been made from the headquarter where generally hundred percent of the decisions are taken. However, a local manager from the foreign market, is hired to run operations and daily business inside the subsidiary. This proved to be a successful decision, which eliminates language and cultural barriers and prejudices, and again strengthens the local market expert knowledge, which is essential for business development.

In order to maximize a company's approach, the eight experts' best lessons learned during the process are summarized in the below chart.



<b>Company</b>	<b>Best Lesson learned</b>
<b>Atlantum</b>	Focus on intercultural communication and exchange to prevent internal roadblocks
<b>Daimler AG</b>	Integrate all stakeholders from the start and as soon as possible. Difference in culture should not be neglected.
<b>OrmoSys</b>	Focus on finding the right distributors and partners. Spend budget on special brokers who find the suitable distribution partner.
<b>Technica</b>	Define processes and structures from the beginning in order to avoid chaos.
<b>Trützschler</b>	Success is to make more things right than you do wrong. In the history of the company many things have been done but nothing stood out in particular
<b>Güsken</b>	Be willing and prepared to commit 100% and go all the way if needed.
<b>Xiamen</b>	Define the right products for the market. First warehouse order contained the wrong products for Europe.
<b>BASF</b>	Find the right partner to merge with. Do the research upfront. The implementation process is a major task itself.

**Figure 4: Best lessons learned from experts**  
Source: Thesis expert interview questionnaire

Each expert gave its own take on best lessons and what to do differently today with the experience and knowledge that was gained in process.

A key take away is not to rush and take sufficient planning time into consideration. The focus should be on searching for the right partners and if needed spending budget on specialised brokers, who can help find the suitable partner. This also applies in the case of merger and acquisitions. Research has to be done upfront. The implementation process of the acquired firm into the parent company is a task by itself and with the right partner unnecessary obstacles can be avoided. In general, the processes and structures for the subsidiary should be defined from the beginning to minimise uncertainty and chaos.

When the processes and structures are defined, it is important to have the right products for the market. The portfolio should be reviewed whether it matches the foreign markets' demands, regulations, and needs.

Since the subsidiary is in a foreign market, cultural and language barriers can occur. To reduce the problems that accompany cultural differences, another lesson learned is to integrate all stakeholders from the beginning and as early as possible. Additionally,

differences in culture should be taken into consideration. Furthermore, the focus also should be on intercultural communication and exchange to prevent and overcome internal roadblocks.

The last key lesson is from Mr. Gösken and his operations in China. Operational wise he would have done it again exactly the way he did. But his ultimate problem were the local competitors, who were still cheaper and the only way to stay competitive would have meant to move the whole company to China, which was not an option for him and ultimately leading to shutting down the subsidiary. This lesson can be summarized as to be willing and be prepared to commit one hundred percent if the circumstances require it.

Mr. Trützscher gave a general advice, which summarizes the behaviour and activities overall. Due to his company's long history, many decisions and activities have taken, but for him nothing stood out in particular. Therefore, the key to success is to make more things right than to do wrong.

In order to keep up with born global firms and their advantage, the management team should also develop and skilfully leverage superior organizational capabilities. Those capabilities are characteristics born global firms depend on for success (cf. Cavusgil & Knight, 2009, p. 76).

An important task is to find a way to collect the gained knowledge and experience from all the work that has been done in foreign countries. Feedback from distributors in foreign countries need to be closer looked at in order to grow those sectors. In addition, a system should be implemented to collect the knowledge gained from foreign countries. This can be achieved either through an employee directly, or with the help of a distributor, who is an expert in the market and can help gain necessary feedback on market behaviour, need and demand.

When the headquarter and the subsidiary in the foreign market exchange their knowledge through intra-firm relationships, the uncertainty factor can be reduced for new investments and can lead to new market knowledge. However, since market knowledge is gained locally, it has contextual boundaries and cannot be simply transferred into other international markets (cf. Barbosa, Rezende & Versiani, 2014, p. 130).

Suggestion for further growth is to choose specific areas and countries to focus on and implement them in a stronger way, then follow up on the next countries.

The relevant location factors of where a company should establish their facility remains to be seen and discussed with the expert in the country. Various factors should be taken into consideration such as logistics and infrastructure, for example nearby airports and highways. According to Kutschker and Schmid and their review of various studies about the location factors, it can be said that location factors, especially on the sales side are of increasingly high importance, whereas production and procurement factors in various industries are of less importance (cf. Kutschker & Schmid 2011, p. 444).

Kontinen and Ojala stress in their publication that family business managers should be aware of their internationalization strength and utilize it. Long-term view, high level of trust, and the possibility to decide quickly are advantages family businesses hold. Especially quick decision making is of importance due to the very dynamic process of internationalization and with it the ability to react quickly and adapt. Managers could overcome issues like limited networks, or unstructured management processes by increasing knowledge of internationalization strategies and different cultures. (cf. Kontinen & Ojala, 2010, p. 21-22). Although it is of fundamental essence to have international market knowledge and the managerial capabilities to overcome uncertainty in the internationalization process, family businesses seem to routinely lack of such knowledge and capabilities (cf. Kraus, Mensching, Calabrò, Cheng & Filser, 2016, p. 2).

For family businesses going into the next generation with their company, the following aspect by Calabrò, Brogi, and Torchia should be taken into consideration. They mention family businesses seem to increasingly consider growing through internationalization, which can offer continuity and development for future generations. (cf. Calabrò, Brogi & Torchia, 2015, p. 13).

### **Suggested Research Agenda**

An additional research topic on this matter could be the comparison between the “old” classic way of doing business, with the “new” business world. The different characteristics and what management in the past has been looking for when pursuing foreign

markets. Topics like the change of business expansion in today's globalized world and great infrastructure.

Another suggested research topic is 'born global firms' and their impact in today's business on a national and international level.

For further research on born global firms, the authors Cavusgil & Knight (2009) and Wessely (2010) can be taken as a source. Both covered the characteristics and activities of these type of companies. Wessely covered the topics of initial factors, success factors, and management tools (cf. Wessely, 2010). Cavusgil and Knight reviewed the phenomenon of these firms and their characteristics and emphasize rather from an age perspective than size (cf. Cavusgil & Knight, 2009).

According to Skudienea, Auruskevicieneb & Sukeviciutec, globalization and hyper-competition brought up a new phenomenon of international start-ups which represent a challenge to old internationalization approaches. Therefore, new approaches and theories need to be developed. A further fresh perspective of internationalization is offered by e-marketing approach (cf. Skudienea, Auruskevicieneb & Sukeviciutec, 2015, p. 922). They further stress that traditional internationalization theories do not explain today's internationalization patterns which are influenced by the internet, information and communication technologies. Theories of management, marketing, and internationalization need to be vetted in terms of the changes of economic and business environment regarding the internet, information and communication technologies in particular (cf. Skudienea, Auruskevicieneb & Sukeviciutec, 2015, p. 922).

The research and interviews that were the basis for this paper show the great benefit of internationalization and its process. For companies of all sizes, from small, medium size enterprises to global corporations. Going global and expanding the company's business into foreign markets can be achieved successfully, if the strategy for the internationalization activities are well prepared and then executed. The Uppsala model can act as guidance and theoretical basis, which then is adapted by a company that is willing to take the step and going into new territories. The experts in this thesis and their individual cases show that it can be a successful way to grow the company and global expansion. This paper can also be a reference for other companies to use as a guidance and suggestion of the steps to look for, when planning a subsidiary in a foreign market. Especially in today's business environment, in particular for Start-ups,

planning to go global from the beginning, and implementing the internationalization strategy early in the process is an important necessity.

### **Bibliography**

- Barbosa, S. L.; Rezende, S. F. L.; Versiani, A. F. (2014): Relationships and knowledge in the firm internationalization process. Article in *Revista de Administração (São Paulo)*, 49(1), pp. 129-140 <http://www.scielo.br/pdf/rausp/v49n1/a11v49n1.pdf>
- Bilkey, W.J.; Tesar, G. (1977): The export behaviour of smaller sized Wisconsin manufacturing firms. *Journal of International Studies*. Vol. 8, No. 1 (Spring - Summer, 1977), pp. 93-98. Published by: Palgrave Macmillan Journals. Stable URL: <http://www.jstor.org/stable/254403>
- Blomstermo, A.; Deo Sharma, D. (2003): Learning in the internationalisation process of firms. E. Elgar, Cheltenham
- Bogner, A.; Littig, B.; Menz, W. (2009): Interviewing Experts. Palgrave Macmillan, Hampshire
- Buckley, P. J.; Mucchielli, J-L. (1997): Multinational Firms and International Relocation. E. Elgar, Cheltenham & Brookfield
- Calabrò, A.; Brogi, M. & Torchia, M. (2015): What Does Really Matter in the Internationalization of Small and Medium-Sized Family Businesses? Article in *Journal of Small Business Management*, <https://www.researchgate.net/publication/256422149>
- Cavusgil, S. T.; Knight, G. (2009): Born Global Firms. Business Expert Press, New York
- Chandra, Y.; Styles, C. & Wilkinson, I. (2009): The recognition of first time international entrepreneurial opportunities. Article in *International Marketing Review* Vol. 26 No. 1, pp. 30-61 <http://www.emeraldinsight.com/doi/full/10.1108/02651330910933195>

- Dunning, J. H. (2000): The eclectic paradigm as an envelope for economic and business theories of MNE activity. Article in *International Business Review* #9, pp. 163-190 <http://www.sciencedirect.com/science/article/pii/S0969593199000359>
- Edwards, R.; Holland, J. (2013): *What is Qualitative Interviewing?* Blumnsury, London
- Ellis, P.D. & Pecotich, A. (2001): Finding international exchange partners: The role of social ties. *Global Focus*, 13(2), pp. 121-133 <https://effectsizefaq.files.wordpress.com/2011/03/ellis-and-pecotich-2001-finding-int-exchange-partners-globfocus-132.pdf>
- Erdil, T. S. (2012): An analysis of internationalisation behavior of firms through activities and the case of Turkish firms. Article in *Procedia - Social and Behavioral Sciences* #58, pp. 1247-1255 <http://www.sciencedirect.com/science/article/pii/S1877042812045697>
- Figueira-de-Lemos, F.; Johanson, J.; Vahlne, J.-E. (2011): Risk management in the internationalization process of the firm: A note on the Uppsala model. Article in *Journal of World Business* #46, pp. 143–153 <http://www.sciencedirect.com/science/article/pii/S1090951610000234>
- Gersmeyer, H. (2003): *Wettbewerbsfähigkeit von Wirtschaftsstandorten unter besonderer Berücksichtigung industrieller Cluster*. Lang, Frankfurt am Main
- Glowik, M. (2009): *Market Entry Strategies – Internationalization Theories, Network Concepts and Cases of Asian firms: LG Electronics, Panasonic, Samsung, Sharp, Sony and TCL China*. Oldenburg, Munich
- Gray, H. P. (2003): *Extending the Eclectic Paradigm in International Business*. Elgar, Cheltenham and Northampton
- Holtbrügge, D.; Welge, M. K. (2010): *Internationales Management*. 5., überarbeitete Auflage, Schäffer-Poeschl, Stuttgart
- Islam, I.; Shepherd, W. (1997): *Current Issues in International Business*. Elgar, Cheltenham and Lyme
- Johanson, J.; Vahlne, J.-E. (2009): The Uppsala Internationalization Process Model Revisited: From Liability of Foreignness to Liability of Outsidership. Article in

Journal of International Business Studies #40, pp. 1411-1431 [https://www.researchgate.net/publication/227470275\\_The\\_Uppsala\\_Internationalization\\_Process\\_Model\\_Revisited\\_From\\_Liability\\_of\\_Foreignness\\_to\\_Liability\\_of\\_Outsidernesship](https://www.researchgate.net/publication/227470275_The_Uppsala_Internationalization_Process_Model_Revisited_From_Liability_of_Foreignness_to_Liability_of_Outsidernesship)

Karppinen-Takada, M. (1994): Internationalization and Foreign Market Penetration Patterns. Helsinki School of Economics and Business Administration, Helsinki

Kontinen, T.; Ojala, A. (2010): The internationalization of family businesses: A review of extant research. Journal of Family Business Strategy, 1 (2), pp. 97-107 [https://jyx.jyu.fi/dspace/bitstream/handle/123456789/27296/ARTICLE\\_I.pdf?sequence=1](https://jyx.jyu.fi/dspace/bitstream/handle/123456789/27296/ARTICLE_I.pdf?sequence=1)

Kraus, S.; Mensching, H.; Calabrò, A.; Cheng, C.-F. & Filser, M. (2016): Family firm internationalization: A configurational approach. Article in Journal of Business Research, <http://dx.doi.org/10.1016/j.jbusres.2016.04.158>

Kutschker, M.; Schmid, S. (2011): Internationales Management. 7. überarbeitete und aktualisierte Auflage. Oldenbourg, Munich

Lierow, M. A. (2006): Competence-Building und Internationalisierungserfolg. Deutscher Universitäts-Verlag, Wiesbaden

Macharzina, K.; Oesterle, M.-J. (2002): Handbuch Internationales Management. 2. Überarbeitete und erweiterte Auflage. Gabler, Wiesbaden

Mayring, P. (2010): Qualitative Inhaltsanalyse. Grundlagen und Techniken. 11. Aktualisierte und überarbeitete Auflage. Beltz, Weinheim/Basel

Pitelis, C. N.; Sugden, R. (1991): The Nature of the Transnational Firm. Routledge, London and New York

Porter, M. E. (1991): Nationale Wettbewerbsvorteile. Droemer Knaur, Munich

Schweizer, R.; Vahlne, J.-E.; Johanson, J. (2010): Internationalization as an entrepreneurial process. Article in Journal of International Entrepreneurship December 2010, Volume 8, Issue 4, pp. 343-370 <http://link.springer.com.springer.amedia1.bsb-muenchen.de/article/10.1007/s10843-010-0064-8>

- Simin L. (2010): Internationalization of the SME: Towards an integrative approach of resources and competences. Article in 1er Colloque Franco-Tchèque: "Trends in International Business", pp. 117-135 <https://halshs.archives-ouvertes.fr/halshs-00692465/document>
- Skudienea, V.; Auruskevicieneb, V.; Sukeviciutec, L. (2015): Internationalization model revisited: e-marketing approach. Article in Procedia - Social and Behavioral Sciences #213, pp. 918-924 <http://www.sciencedirect.com/science/article/pii/S1877042815058607>
- Stenberg, E. (1992): Steering of Foreign Subsidiaries. Helsinki School of Economics and Business Administration, Helsinki
- Taggart, J. H.; Berry, M.; McDermott, M. (2001): Multinationals in a New Era. Palgrave, New York
- Wessely, B. (2010): Management von Born Global Firms. Rainer Hampp Verlag, Munich
- Zan, L.; Zambon, S.; Pettigrew, A. M. (1993): Perspectives on Strategic Change. Kluwer, Massachusetts

### **Appendix A: Questionnaire used for interviews**

1. Please describe who you are. What is your position in the company? How long have you been working for this company.
2. Please describe your company. (*Number of employees, location, etc.? Since when does the company exist?*)
3. Which role/function does the German office/factory has?
4. Has Germany been the first country in the internationalization process? If not, which countries came before and why?
5. How long are you operating in this department in Germany?
6. What were the reasons to expand into Germany?
7. What have been the initial reasons and causes to implement a subsidiary in Germany? Has the strategy been based on models like the Uppsala model?



8. A bit of a longer one: what were the factors to look for in finding the location? Such as personal reasons, location, previous contacts, private reasons and others.
9. How big was and is the influence from the HQ? HQ is based where?
10. How did you overcome the barrier of prejudices? Were there any?
11. Did you implement a “local” manager to run the department or has this role been set with a person from the HQ abroad?
12. What systems, processes, chains of work have been copied and implemented into the subsidiary? Or have they been created completely from scratch?
13. What factors were chosen in order to find the right location to build the subsidiary?
14. How important are influences such as location, infrastructure, etc. for the site? Such as transportation routes, autobahn/highway, railway system, harbours, etc.
15. How important are close by Universities, commuter area for employees and trainees for the company? Has this been a serious factor for consideration?
16. How important are tax purposes? Support by the local government or EU?
17. Has costs of land been a factor? Construction possibilities? Did you look for an already existing facility or has the site been build from scratch?
18. Is the site for the subsidiary/company strategized for a long time frame? Was/is there an option to change location/destination after the original site has been set?
19. Is there a plan for further sites in Germany to be used/set up? What are reasons to have only one site, or what are benefits to have various?
20. What were some of the biggest hurdles/issues/problems that you came across?
21. What would you do differently today with the knowledge and experience you gained from the past?
22. Do you serve more then Germany from here? How big is the extension?
23. How does the current signing of the Canada Trade deal (CETA) affect your business? Advantages/disadvantages?

**Appendix B: List of Interview Partners**

<b>Company</b>	<b>Interview Partner</b>
Atlantum	Lars Torkuhl
Daimler AG	Oliver Schöller
OrmoSys	Fatmir Langmeier
Technica Engineering GmbH	Joseba Rodriguez
Trützscher GmbH & Co. KG	Heiner Trützscher
Ludwig Güssen GmbH	Cornel Güssen
Xiamen Lenco Co. Ltd.	Tim Körner
BASF SE	Christoph Garbotz