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Source: *International Studies of Management & Organization*, Vol. 30, No. 1, Frontiers of Research on the Internationalization of the Firm: Nordic Contributions (Spring, 2000), pp. 63-92

Published by: [M.E. Sharpe, Inc.](#)

Stable URL: <http://www.jstor.org/stable/40397469>

Accessed: 12/06/2014 15:15

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SVANTE ANDERSSON

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ABSTRACT: *There are two dominant views in international business research: the economic and the process view. In this study it is shown that these views give us some insight into the complex phenomenon of the internationalization of the firm. However, our understanding of various international behaviors in the firm's first international ventures as well as of radical strategic changes is enhanced by an analysis focusing on entrepreneurs. Such a conceptual framework is used to analyze this study's cases. New concepts are developed: the marketing entrepreneur who implements an international push strategy; the technical entrepreneur who implements a strategy focusing on technical development, creating an international pull strategy; and the structure entrepreneur who implements an international restructuring of an industry.*

There is an impressive body of literature on the internationalization of firms. It can broadly be divided into two currents of research: the economic and the process approaches (Benito and Gripsrud, 1992). The economic research current has its base in mainstream economics, examples being the eclectic paradigm (Dunning, 1988), the transaction-cost approach (e.g., Teece, 1986; Hennart, 1982) and internationalization theory (e.g., Buckley and Casson, 1976). Economic man has access to perfect information and will choose the rational solution. The

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process approach has its base in organizational theory, which replaces economic man with behavioral man (Cyert and March, 1963), with examples being found in the Uppsala internationalization model (Johanson and Vahlne, 1977, 1990) and various stage models (e.g., Bilkey and Tesar, 1977; Luostarinen, 1979; Cavusgil, 1980). Both research currents have shown strengths and weaknesses in different situations. The economic view is useful in siting single production facilities during the later stages of a firm's internationalization (Vahlne and Nordström, 1993), but it ignores the process aspects of internationalization. The process approach does handle this aspect but, like the economic approach, overlooks the possibility of individuals making strategic choices (Child, 1972; Reid, 1983; Turnbull, 1987).

Although these two views give us useful knowledge of the behavior of international firms, they do not provide all the answers. Since internationalization is a complex phenomenon, many different perspectives are needed to understand it (Morgan, 1986; Björkman, 1990). In an early phase of this study's empirical part, various international strategies were found in firms that were similar and acted in similar environments. However, the firms' entrepreneurs were quite different. There were strong indications that these individuals influenced the firms' international processes in various ways. The purpose of this article is therefore to present a perspective that includes entrepreneurs in the analysis in order to increase the understanding of some parts of the complex phenomenon of firms' international behavior.

First, I review the internationalization and entrepreneurship literature. Then, a model establishing the entrepreneur as a central factor in explaining firms' international behavior is introduced. A discussion of the methodology used in this study follows. Three cases from the Swedish rubber product industry are presented, followed by an analysis of the firms' different international behaviors. Different theoretical perspectives and the analytical model are then compared with the empirical findings. Finally, I note some implications for further research.

Previous research

Internationalization literature

A review of the internationalization literature reveals that different researchers hold different assumptions about decision making. They also focus on different levels of aggregation in analyzing internationalization processes: the individual actors' level, the firm level, and the firm's environment level (see Figure 1). In the "rational choice" view, different levels are not problematic. This view has its base in economics and is represented in textbooks in international business and marketing (Daniels and Radebaugh, 1995; Kotler, 1996), as well as in literature that examines foreign direct investment (Hymer, 1960; Dunning, 1988). This literature focuses on the company and its environment and can be positioned in

	Rational choice	Bounded rationality
Focus on the firm's environment	A	D
Focus on the firm	B	E
Focus on individuals	C	F

Figure 1. Theoretical Perspectives in the Internationalization Literature

squares B and C in Figure 1. Since the decision maker is rational, he will choose the optimal solution. The fact that various decision makers can make different strategic decisions in the same situation is not acknowledged in this approach.

In approaches built on bounded rationality the different levels are more interesting. One of the most important models in this field is the Uppsala internationalization model (Johanson and Vahlne, 1977, 1990). Its main themes are firms' behavior with regard to different foreign establishment sequences related to markets and entry modes. According to this model, incremental learning at the firm level is the main factor explaining a firm's international behavior. The criticism from other adherents of bounded rationality has been that the original Uppsala internationalization model focuses the discussion at the firm level (square E in Figure 1) and not at the level of the firm's environment. In response, Johanson and Mattsson (1988), Nordström (1991) and Johanson and Vahlne (1990) have complemented the original model with a discussion of the firm's environment (square D in Figure 1).

Forsgren (1989) claims that the Uppsala model is valid only in the early stages of the internationalization process, when a lack of market knowledge and market resources is still a constraining force. According to Forsgren, these factors are not crucial when a company is already active in several countries. Appearing in these later stages of the internationalization process are the local networks of which foreign subsidiaries are a part, and these are the most crucial factors affecting foreign activities. His research can be positioned in square D. Here it is important to make a distinction between the many different uses of the network concept. The Uppsala researchers use the concept (e.g., Johanson and Mattsson, 1988; Forsgren and Johanson, 1992; Johanson and Vahlne, 1993) mainly at an organizational level. They maintain that it is very difficult for organizations to plan and implement any strategy, since they are merely part of a larger network. Top management plays a minor role in the firm's international strategy. Other researchers, however, use networks at a personal level and maintain that entrepreneurs can choose and manage the network to which they belong (Oviatt and McDougall, 1994; Larson, 1992).

Also regarded as behaviorally oriented (Andersen, 1993) are the internationalization stage models (Bilkey and Tesar, 1977; Cavusgil, 1980; Czinkota, 1982; Reid, 1981). These models to a greater extent treat individual learning and top

managers as important aspects in understanding a firm's international behavior. In contrast, the Uppsala models (both the original internationalization model (Johanson and Vahlne, 1977) and the one expanded to recognize the importance of networks (Johanson and Vahlne, 1990, 1993)) discuss learning at organizational levels and maintain that top management's ability to affect the internationalization process is limited. However, the stage models treat not only individuals but also the firm and its environment and can therefore be positioned in squares D, E, and F.

The Uppsala internationalization model and the various stage models have been criticized as deterministic (Reid, 1981; Melin, 1992). If firms were developed in accordance with the models, individuals would have no strategic choices. Here, however, top management and entrepreneurs are regarded as crucial for firms' international strategies. The process approach, based on organizational theory (Cyert and March, 1963), emphasizes standard patterns of behavior and is less appropriate for understanding radical strategic change (Ansoff, 1965), where top managers indeed play an important role (Bower, 1970; Mazzolini, 1981). The importance of individuals' actions has been neglected in most research on international business. However, Aharoni (1966) has already discussed this matter, and in the nineties the entrepreneur's importance in international business has been highlighted by many researchers (Dichtl et al., 1990; Welch, 1990; Boter and Holmquist, 1996; McGaughey et al., 1996; Maignan and Lukas, 1997; Preece et al., 1999). For a survey of international entrepreneurship literature, see McDougall and Oviatt (1997).

In particular, the role of entrepreneurs in international new ventures has been highlighted (McDougall et al., 1994; Madsen and Servais, 1997). The present study is influenced by this research current and will further investigate the relationship between entrepreneurs and international strategic choices (square F). Previous research has focused on the decision of whether to internationalize. There has been no comprehensive discussion of individuals' influence on internationalization patterns and, because of the interest in the question of internationalizing per se, the discussion that has taken place has presented individuals' influence as important only in the early stages of the internationalization process. The present study will also examine changes in the strategy of firms that are already international.

Entrepreneurship literature

The term "entrepreneur" is used instead of "key decision makers" because it focuses on individuals who act in accordance with the criteria for entrepreneurship discussed below. That is, all key decision makers do not act in entrepreneurial ways and those who do not are excluded from my discussion. Studies on entrepreneurship can be divided into three main categories according to Stevensson and Jarillo (1990): how people act, why they act, and what happens when they

act. The first question explores such issues as "How to succeed at being an entrepreneur?" and is not dealt with in this study. The second question uses psychological factors to explain why entrepreneurs act (e.g., McClelland, 1961). However, it has been hard to find common psychological factors among entrepreneurs (Davidsson, 1992). Another explanation of why an entrepreneur acts focuses on the entrepreneur's environment (Johannisson, 1994). The third question, "What happens when entrepreneurs act?" is the focus of the present study. Economists dominate the literature on this question (Stevensson and Jarillo, 1990), the most famous author being Schumpeter (1934, 1949). Here, the entrepreneur is connected with processes within the firm and not with processes in the economy as a whole.

Some researchers take a broad view of entrepreneurs. Casson (1985) discussed "team entrepreneurship," and even Schumpeter (1949) analyzed the entrepreneurial action of organizations. However, in the present study entrepreneurs are defined as individuals. My definition is strongly influenced by Schumpeter (1934), who focuses on the entrepreneurial function and not on the entrepreneur as a person. Here the entrepreneur is defined as an individual who is carrying out entrepreneurial actions. According to this definition the formal position of the entrepreneur is unimportant. He can be the establisher of a firm (Collins and Moore, 1964), a manager, an owner, or someone else. This definition does not distinguish between the two concepts of intrapreneur and entrepreneur. Despite its age, Schumpeter's definition is still fresh and widely acceptable (Autio, 1995). Schumpeter's entrepreneurial concept is broader than many later concepts. It includes not only the introduction of new products but also of new production methods, the opening of new markets, the conquests of new sources of supply and raw materials, and the reorganization of an industry (Schumpeter, 1934, p. 66). Schumpeter emphasized acting as an important criterion for entrepreneurs. Because of the entrepreneur's interest in action, his vision dominates rational calculations (Collins and Moore, 1964; Hyrenius, 1983). To be able to act, resources, including know-how, that are more extensive than those possessed by one entrepreneur are necessary. Personal networks (Johannisson, 1994; Christenson et al., 1991) are important means to obtain these resources. Finally, entrepreneurial acting has to be conducted in the right environment in order to succeed (Dahmén, 1995). The environment changes over time, implying that timing is important. Influenced by the earlier research, the view of entrepreneurship advocated in this study includes the following qualities:

- the ability to see new combinations;
- the will to act and to develop these new combinations;
- the view that acting in accordance with one's own vision is more important than rational calculations;
- the ability to convince others to invest in entrepreneurial projects; and
- proper timing.

The entrepreneur is defined as an individual who carries out entrepreneurial acts in accordance with these criteria.

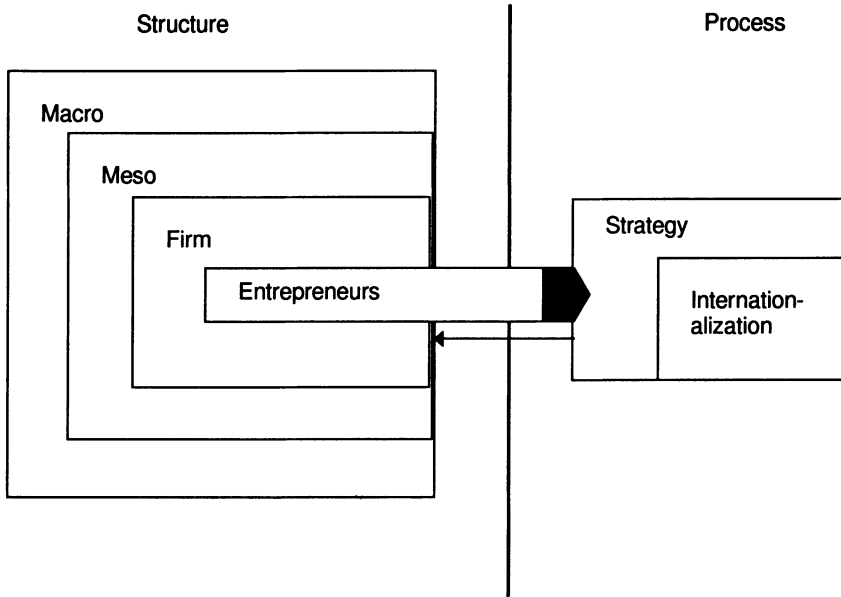


Figure 2. The Internationalization of the Firm from an Entrepreneurial Perspective

Conceptual framework

Influenced by Pettigrew and Whipp (1991), a conceptual framework that treats different levels across time is introduced although, in accordance with the present study's purpose, the individual level is my main focus (Figure 2).

The framework is a tool to increase the understanding of firms' internationalization. Internationalization is defined as the process of increasing involvement in international operations (Welch and Luostarinen, 1988). Important issues in the internationalization concept are market choice and choice of entry mode (Johanson and Vahlne, 1977, 1990). Internationalization is not an activity that is divided from other activities in the firm. Internationalization is a part or a consequence of a firm's strategy. Strategy is defined in a broad sense ("a pattern in a stream of action"), as advocated by Mintzberg and Waters (1985). Here, however, the focus is on strategic changes and not on standard patterns of behavior (Ansoff, 1965). Internationalization is an example of strategic change that can be defined as an entrepreneurial action (Schumpeter, 1934). Entrepreneurship theory is therefore used to analyze the firm's international behavior. The entrepreneur concept is used to link the structure concepts of macro, meso, and firm to the process concepts of strategy and internationalization. The structure concept is here used in a broad sense, implying that processes are not the focus. The entre-

preneur is central to the model. The strategy and internationalization processes will not start without acting entrepreneurs. It is not enough to be a firm with resources and opportunities in the environment. Internationalization must be wanted and triggered by someone (Boddewyn, 1988). To show the central role of individuals' actions in creating strategy and international processes, the entrepreneur is represented as an arrow that goes from the structure side to the process side. The reverse arrow, from the process side to the structure side, shows that the processes influence the structure side of the model.

The entrepreneur does not act in a vacuum but is a part of society. I emphasize the importance of the individual's interpretation of the firm and its environment (Weick, 1969). The entrepreneur is influenced by his environment, but he also influences his environment through the processes he creates. The entrepreneurs' environment is divided into three levels: macro, meso, and firm. The following concepts are handled at the firm level: organizational structure, product development, learning (Johanson and Vahlne, 1990; Cyert and March, 1963), corporate culture (Alvesson, 1989), core competence (Prahalad and Hamel, 1990), transaction costs, and firm-specific advantages (Dunning, 1988). At the meso level, which comprises players near the firm such as customers, competitors, and suppliers, the concepts include industry structure (Porter, 1980, 1981), networks (Forsgren and Johanson, 1992), and industrial wisdom (Grinyer and Spender, 1979). Also at this level I emphasize the importance of the individual's interpretation of the situation and his ability to influence the industry structure. At the macro level concepts and events operate at a global and national level, such as factor conditions (Dunning, 1988; Porter, 1990) and psychic distance (Vahlne and Wiedersheim-Paul, 1973; Nordström, 1991). These factors are difficult for individuals and firms to influence. Not only do these factors influence firms directly, but the individual's interpretation of them is often most important for the firm's development. That is, the entrepreneur's impression of the macro environment is more important than the facts when it comes to choosing international strategies.

Methodology

Using this conceptual framework as an organizing tool, three cases in the Swedish rubber products industry are described and analyzed to establish how their internationalization developed over time.

The case companies were chosen because previous research did not readily explain their international development (Eisenhardt, 1989). Another reason was that earlier consultancy work eased access to Skega and Sunnex. Trelleborg was chosen because it was the dominant actor in the Swedish rubber-product industry as well as Skega's most important worldwide competitor. The companies showed different international behaviors, despite being players in the same industry. A comparison of these companies can enhance our understanding of different international patterns (Eisenhardt, 1989). The multiple-case design has improved the

internal and external validity of the study (Yin, 1994). Furthermore, keeping the industry factor constant increases the importance of other factors in explaining different international patterns.

The longitudinal approach is underrepresented in studies of internationalization and has been recommended as a fruitful way to expand knowledge in this area (Cavusgil, 1980; Reid, 1981; Nordström, 1991; Melin, 1992; Andersen, 1993; Johanson and Vahlne, 1993). The case studies were prepared not only by studying secondary data such as business magazines, annual reports, and internal documents but also through personal interviews. I interviewed those individuals who personally took part in decisions concerning, and implementation of, companies' foreign establishments: chairmen of the board, presidents, export directors, area managers, export salesmen, and presidents of foreign subsidiaries. Forty-one people were interviewed between 1990 and 1996.

The individuals who had the greatest influence on the internationalization processes were interviewed several times; early interviews led to the identification of individuals who were central in the internationalization process. The interviewees had the opportunity to comment on the drafts of the different cases. By this method, information from annual reports and business magazines could be complemented with oral sources. There is always a risk of post hoc rationalization, but the use of different sources helped to give an intersubjective version of the companies' development (Eisenhardt, 1989).

One big advantage with case studies is that there is no need to lock up a model or hypothesis before comparing it with the empirical findings. Theoretical reading and empirical research have accordingly been parallel processes, and new theories have been added during the study.

In this study's first phase, the factor that seemed most important was that the companies were subsuppliers. That is, the behavior of the firms was supposed to be dominated by the subsuppliers' customers. After some interviews it became clear that the position of subsupplier was not enough to explain the firm's behavior. It had influence, but only as a boundary for behavior rather than as its most important factor. The entrepreneurs seemed to have more influence on the companies' behavior, and therefore entrepreneurship literature and questions about entrepreneurial influence were added to the study.

"How can you generalize anything from a couple of case studies?" is a frequently asked question (Yin, 1994). Generalization is not a simple concept, and the meaning of the concept has to be discussed before the question can be answered. The concepts "statistical generalization" and "analytic generalization" have different meanings (Yin, 1994), but they are not always treated as different concepts in scientific discussions. If this distinction is made, the question about generalization is easier to answer.

A few case studies are not suitable for making statistical generalizations. Analytical generalization, however, can be made on the basis of case studies (Yin, 1994). Influenced by Glaser and Strauss (1967), this study does not intend to test

theory but to criticize, specify, and develop theory (Eisenhardt, 1989; Merriam, 1994). In this study, however, both theoretical knowledge and empirical knowledge about the studied phenomena are seen as important.

Cases

To increase understanding of the internationalization process, an analysis including the time factor was carried out. The development in the different firms was divided into various phases, constructed in accordance with shifts in the companies' strategic patterns and used as analytical tools to discuss important shifts in the internationalization processes as well as reasons for these changes. The analysis is summarized in the tables presented in appendices 1–3. Using this as the main analytic strategy, I tried to apply its theories to explain the shifts in international strategy and different strategy patterns. I concluded that former theories could be useful in some situations. Models built on bounded rationality were more useful in the beginning stages of firms' internationalization (Trelleborg's early internationalization). However, these models could not explain all early internationalization. Sunnex started its internationalization with sales subsidiaries, without prior exports. The entrepreneur Åke Wester was important in understanding this behavior. Skega concentrated on technical development and was contacted by an American firm who wanted a license to manufacture Skega's product. The entrepreneur Assar Svensson at Skega encouraged its focus on technical development. The later development at Trelleborg could be explained by an oligopolistic reaction (Knickerbocker, 1973). However, the change from a rubber-product company with a slow organic development to a diversified firm that acquired other firms to restructure several mature industries is hard to explain without focusing on the new CEO, Rune Andersson. A disadvantage of case studies is that they include a lot of information that is difficult to summarize. As the aim of this article is to focus on the entrepreneurs' influence on international strategies, I have focused the short cases presented and the following analysis on the above-mentioned entrepreneurs' influence on their firms' international strategies (the complete cases and analysis were published in Swedish by Andersson, 1996). The cases are descriptive and are matched against theory in the analysis section.

Trelleborg

Trelleborg was founded in 1895 as one of the first rubber-product companies in Sweden and is still the dominant player in this Swedish industry. Its first main product was bicycle tires. It was a long time before the company went abroad. Until World War II, the company expanded inside Sweden with many new rubber products such as industrial rubber and automobile tires. In the 1950s internationalization began. The first engagement was often via foreign representatives. The first products sold abroad were hoses and special tires.

In the 1960s the company primarily expanded via sales subsidiaries, but in two nations, Holland and West Germany, production companies were established. The sales subsidiaries began to increase their marketing efforts, with one exception, the subsidiary in Switzerland, which was started for financial reasons. To create a production facility inside the European Union a production company in Holland was begun. Since Sweden was not a member, Trelleborg feared trade restrictions. However, the trade restrictions did not materialize. In the 1970s the company had profitability problems, while international competition forced the company to close the department that produced standard automotive tires.

Rune Andersson was appointed CEO of Trelleborg in 1983, and this led to a tremendous change in the company's strategy. Rune Andersson has a technical education as a graduate engineer. He had been manager of the investment company Kuben and was division manager in Electrolux from 1977 to 1982. He was known as an expert at handling companies in crisis. Trelleborg was a rubber-product company, and the late CEO had not planned to enter other business areas until increasing international competition forced Trelleborg to close one of their large business units (automotive tires). In 1987 the company was a conglomerate with businesses in the rubber, mining, and distribution areas and a turnover of 17,843 million SEK. The new strategy was to acquire companies in mature businesses that were cheap because of problems with profitability and to restructure them to make them profitable: "Industrial rubber is a mature industry with few opportunities for expansion. We have a good cash flow, and we would also like to spread our risks. We would like to expand into other mature industries, because we know how to act in these industries" (Rune Andersson, CEO, Trelleborg). This change in strategy also had implications for the companies' international behavior, since some of the mature businesses that Trelleborg entered were international (e.g. mining). Acquiring production companies was the most common type of internationalization, while market-entry decisions were based on the availability of interesting companies.

Skega

O. A. Svensson founded Skega at the beginning of the 1920s. The first products were work shoes and rubber gloves. After a while, Skega received orders from the dominant company in the region, the Boliden mining company. After World War II, the founder's son, Assar Svensson, returned to the company. He had been a military pilot, and he came back with ideas developed as a result of that experience. Sweden was cut off from rubber deliveries during the war, which inspired the use of substitute materials. When the army trucks were short of rubber wheels, they tried to replace them with steel plates. The experiment was not successful. Assar Svensson thought that the same principles could be useful in the mining industry, where mills are used to grind the ore. The mills were lined with steel, but he thought that rubber linings would work better. Since Skega had good

relations with Boliden, the big mining company in the region, he was allowed to test the idea in one of their mills. At first, the results were not positive, but some of the engineers at Boliden thought that the idea was a good one. Skega was allowed to carry out new tests, and eventually the tests succeeded. The rubber lining was not its only new product. Others included rubber bands for bandwagons and snow scooters, linings used in the timber industry, and rubber grounding for roads and sports tracks. The rubber lining for ore mills was, however, the most successful product internationally. Because of Assar Svensson's interest in technology, he directed a large portion of the company's resources toward technical development. Skega sometimes succeeded with its inventions and sometimes failed: "Sometimes, even the boundaries of natural law couldn't control his enthusiasm. We didn't calculate so much, but tested instead. We made some mistakes but we also had a lot of success" (Sture Persson, Technical Director, Skega). Assar Svensson favored the technical departments at Skega and strongly believed that technical development was the key to success: "The market has not demanded anything. Everything that we developed was not driven by the market. We developed the products and imposed them on the market. You should develop high-quality products, and you should be paid well for them. To adapt to the market is not good business; the salesman is always a weak point in a company's returns. He meets the customer eye to eye and can therefore find it difficult to resist pressure to reduce prices" (Assar Svensson, former owner and CEO, Skega).

An important customer of Skega's was Morgårdshammar, which produced pumps and mills for the mining industry. Morgårdshammar licensed one of their products to the U.S. company ASH Pump. Because the pump from Morgårdshammar included rubber from Skega, the U.S. company contacted Skega and asked if it could also obtain a license to produce Skega's products. Skega agreed, and the initial internationalization of Skega's production occurred in 1963. The internationalization continued via some agent agreements, but the real boost to the internationalization strategy came when the family company was bought by Incentive in 1969.

The Wallenberg family, who controlled a major portion of the Swedish export industry, dominated Incentive. Incentive's idea was to develop former family-owned companies by helping them with technical, marketing, and financial expertise. Marcus Wallenberg, the leader of the Wallenberg family, had a worldwide reputation and a contact network. With a new owner, Skega was able to raise funds for investment abroad, which was necessary because the export of capital from Sweden was restricted. Assar Svensson was given a letter of introduction by Marcus Wallenberg, after which he was treated as a VIP by banks worldwide.

The first foreign subsidiary was established in Chile. Skega first had plans to start in Peru, but during a visit to Peru they met a representative from Chile who convinced them that Chile was a better alternative. Folke Svensson, the brother of Assar Svensson, was the first executive manager of the subsidiary in Chile. He was also appointed executive at the Canadian subsidiary when it had problems

during the late 1970s. Folke Svensson understood that doing business in this new environment was very different, and he used native experts to manage problems in the different countries. The technical experts, however, came from Sweden.

Skega also started a subsidiary in the United States that did not succeed and closed after a couple of years. The U.S. market is nowadays served by the Canadian subsidiary. A subsidiary in Brazil was also started and closed. All subsidiaries were started from scratch, except for the German company, which was bought, but its production unit was closed in 1991, and nowadays it is only a sales company.

Sunnex

Åke Wester and Olof Jonsson established Sunnex in 1966. They had earlier worked at another Swedish rubber-component company, in Sweden, called Forsheda. At first, Sunnex operated only as a subsupplier and did not develop any of its own products, but after a while it developed machine mounts. Åke Wester, who was the managing director and the dominant owner, was very interested in the rapid internationalization of the company. He saw potential in their new product and wanted to secure market shares before his competitors could copy it: "Åke Wester was very much ahead of the others and very interested in exports. Internationalization was largely dependent on Åke Wester's personal interest and his conviction regarding the international venture" (Gunnar Ljungberg, former CEO, Sunnex).

Wester contacted different experts to prepare the internationalization of the company and received the advice to start carefully with small resources and to grow incrementally to minimize risk. In spite of this advice, he wanted to start sales subsidiaries directly on important markets, instead of searching for representative markets: "We decided that we should start to export this product. We did the opposite to all the advice we received. They told us to start slowly with representatives but we started subsidiaries in Germany, France, the United States, and England. The first years were very tough, but the subsidiaries in France and the United States are very successful" (Åke Wester, establisher, former CEO, Sunnex).

In a short time, Sunnex established four fully owned sales subsidiaries abroad. The first was established in West Germany in 1970. It was not a success and closed at the beginning of the 1980s. The second international establishment was in France (1971). Sunnex received help from the Swedish export council in searching for a suitable partner. The man appointed by the export council to find a partner became very interested in the project himself and eventually became the managing director of the French subsidiary. He was a Frenchman married to a Swedish woman. The establishment had some difficulties with profitability in its formative years, but it soon became a profitable business. In 1973 the third sales company was established in the United States. Åke Wester had a friend from his student days, Sven-Olof Emilsson, who had emigrated to the United States. Åke Wester contacted him, and he then became the managing director of the U.S. subsidiary, which nowadays is profitable and also has some of its own production

facilities. A fourth subsidiary was established in Great Britain around 1975. It was not a success and closed after a couple of years. Later managers appointed by the new owners, Hexagon, continued to hold such positive views of internationalization until Nolato took over in 1989. Gunnar Ljungberg had a background in an international company with production and sales units abroad (Skega). When he was appointed CEO of Sunnex at the beginning of 1987, Hexagon recruited him—among others—because of his international experience.

Sunnex had some international ventures, and Hexagon envisioned an expansion of its international activities. However, later that year Nolato, a family-owned rubber and plastics producer, bought Sunnex. Sunnex had achieved some diversification during the Hexagon era, but these firms were sold and Sunnex concentrated its business on rubber products. Nolato began as a subsupplier of rubber products and expanded via acquisitions in Sweden. Its strategy was more inbound-oriented, and it initiated a program to rationalize production and improve quality in Sweden. An attempt at production in the Czech Republic, started by a former internationalization-inclined CEO, was abandoned.

Analysis

For analysis I use an explanation-building strategy (Yin, 1994), in which different theories are matched against the empirical findings.

The economic view

The eclectic paradigm (Dunning, 1988) can be useful in discussing the location of production abroad. When Skega began operations in Chile in 1969, it could choose between a fully owned production company, licensing, or direct export. High transportation costs led to the conclusion that exporting was an expensive alternative. The patent and know-how that Skega possessed meant that the product was hard to copy. Licensing was an interesting alternative, but the transaction costs of transferring the know-how to an external partner would probably be high, as there was no qualified rubber producer in Chile at that time. A fully owned production company was therefore chosen. In Australia, however, a licensing agreement was made in 1970. The licensee was Dunlop, a qualified rubber producer, making the know-how easy to transfer. This behavior is in line with the eclectic paradigm of Dunning (1988). This perspective does not, however, discuss alternative export modes, such as different types of representatives, nor does it address the time perspective and the process of internationalization.

The process approach

The Uppsala internationalization model (Johanson and Vahlne, 1977, 1990) is the most developed model that includes the time perspective. To explain the choice of market, this model uses the concept of psychic distance. Trelleborg's

early international expansion was close to the development predicted by this concept. In the Skega case, the pattern of development was completely different, because Skega had many more problems becoming established in markets that were psychologically close, such as the United States, than in psychologically distant ones like Chile. Skega was much more aware of differences in culture and business surroundings in Chile than in the United States. In Chile it used local expertise, but, convinced that the U.S. business culture was close to the Swedish one, the company did not adapt to the different circumstances. Conducting business in the Swedish mining industry was, however, quite different from conducting business in the United States.

The Uppsala internationalization model's discussion of stepwise establishment in a single market could also be seen in the Trelleborg case, where sales subsidiaries often grew out of an earlier establishment with a representative. In some cases, the representative was kept. In Portugal the representative, who was signed in 1961, was not replaced by a sales subsidiary. The production companies, however, were not the results of learning processes in the market. Their establishment was a reaction to trade restrictions: Trelleborg anticipated high tariffs because in the early 1960s Sweden was not a member of the European Economic Community.

Sunnex, in contrast, established sales subsidiaries without earlier representation in the market, a situation that the Uppsala school does not explain. A deeper analysis of the internationalization process reveals the pivotal role played by Åke Wester in the company's development. The Sunnex case also reveals that de-internationalization can be an alternative strategy, an aspect not addressed by any of the models based on the process approach. A de-internationalization strategy was implemented after Sunnex was bought out by Nolato. This is in line with the findings of Benito and Welch (1997) that executives who are heavily involved in international investment do not easily countenance closure of foreign activities. Managerial succession is one key to explaining international divestment. Boddewyn (1983) also explores this in his discussion of the concept of the "new man providing impetus" as an important factor in foreign divestment decisions.

The Uppsala model can help us understand some international development patterns, but the model does not discuss why different firms have different internationalization patterns and why the latter sometimes change dramatically. This study indicates that these internationalization patterns are better understood if the entrepreneur concept is included in the analysis and if voluntaristic strategies are considered. The study supports earlier criticism (Reid, 1983; Turnbull, 1987; Rosson, 1987) of the model as too deterministic.

Entrepreneurs' influence on strategy, firm, and industry

Entrepreneurs can change strategy and corporate culture. When Rune Andersson arrived at Trelleborg in 1983, it was a conservative company. After a couple of years, the company had become a conglomerate with a turnover increased by

seven times and activities in many different industries. Rune Andersson introduced a more financial view of management and stressed the importance of change. Rune Andersson's impact on Trelleborg's development shows that individuals are not only important for understanding the development of small organizations and new industries. His actions illustrate the injunctions of Hamel and Prahalad (1989) to think in new ways and not to be locked in old industry structures: "The strategist's goal is not to find a niche within the existing industry space but to create new space that is uniquely suited to the company's own strengths, space that is off the map" (Hamel and Prahalad, 1989, p. 73).

Some might argue that restructuring an industry is not an entrepreneurial act, but if we use Schumpeter's (1934) definition, this is one of his examples of entrepreneurial combinations. As Stopford and Baden-Fuller (1994) showed, entrepreneurial change is also possible in mature industries, but in their study change was rather slow and incremental and they could not identify single individuals as important. Change was a process that depended on many individuals. In Trelleborg, change was rapid and Rune Andersson an important actor. This is in line with Aharoni (1966), who stressed the importance of a strong initiating force triggering an organization to make foreign investments, and corroborative research about the importance of individuals in rapid strategic change (Tushman and Romanelli, 1985; Greiner and Bhambri, 1989; Brandes and Brege, 1993).

The entrepreneur and industrial wisdom

The individual level was compared with the firm and industry ones. Industry wisdom (Grinyer and Spender, 1979) and corporate culture are important concepts, especially in understanding stability and incremental change. The entrepreneur provides a more adequate explanation for major changes. The present study shows that a strong individual can act contrary to industrial wisdom. Trelleborg, the dominant player in the Swedish rubber-product industry, developed industrial wisdom in this industry. Trelleborg tried to restructure the Swedish rubber industry through specialization and acquisitions. The companies in the industry sold business segments to one another and agreed not to compete in other areas. Assar Svensson, the dominant individual at Skega from 1945 to the early 1980s, did not act in accordance with this view. He did not want to sell to Trelleborg. He was more inspired by the post-1969 parent company, Incentive, owned by the Wallenberg family. Consequently, individuals can be more inspired by the business group (Collin, 1998) than by the industry. That is, entrepreneurs are part of many cultures (Alvesson, 1993), which they both change and are changed by in a dialectic process (Weick, 1969).

Entrepreneurs' influence on firms' early internationalization

The entrepreneurs' intentions and persistence in carrying out different strategies are decisive for the firms' early internationalization. Assar Svensson's strong push for technical improvement led to his assigning large amounts of resources

to technological development. When Svensson introduced rubber linings for ore-grinding mills, transferring a technology developed for truck tires to a completely different arena, he created a new combination in an entrepreneurial way (Schumpeter, 1934). Not all Skega's inventions were successful, but Assar Svensson's technical interest strongly influenced Skega's many projects in product development. His view of business was not market driven but based on the firm's technical competence (Pralhad and Hamel, 1990). Because Skega's early internationalization was not planned, it took place slowly; few resources were allocated to internationalization.

Åke Wester at Sunnex was interested in rapid internationalization of the company. He saw an international potential for the company's products and wanted to secure foreign market shares before competitors could copy them. His marketing concept was built on the ability to be close to the end customers, and the right distribution channels were important for success. Although advised to proceed cautiously (with, for example, a local distributor), he began directly with sales subsidiaries. Within a short period in the early 1970s, Sunnex established its own sales subsidiaries in West Germany, France, the United States, and Great Britain. In the 1980s the subsidiaries in West Germany and Great Britain were closed and replaced with distributors. By the 1990s the major part of the company's products were exported, the subsidiaries in France and the United States were profitable, and the company had distributors as far away as Australia and Southeast Asia, although the most important markets were still Western Europe and the United States.

The successful French and U.S. establishments can be explained by an analysis that includes key individuals in the internationalization process. The Sunnex owner, Åke Wester, was very interested in exporting and put much effort and resources into succeeding internationally. The managers of the subsidiaries were crucial to ensuring the success of market entries, which matches the findings of Moberg (1990). The managers in the United States and France had contacts in Sweden before they became managers for the Sunnex subsidiaries. This seems to have affected their results positively and to have strengthened their ties to Åke Wester, who gave them support during bad times. When Sunnex introduced a new product, it did so before establishing a business structure for the product in its various markets. Different distribution channels were chosen for different markets. The structures in place in the various markets did not seem to be crucial for export success. The Sunnex product occupied a niche and could be introduced in many different ways. It was crucial, though, to find individuals who could determine how best to introduce the product in their respective markets.

When Nolato bought Sunnex, they replaced the internationally oriented manager with a more production-oriented one. The strategy became more focused on domestic production, and resources for international ventures were decreased. This shows that internationalization is not an ongoing process that can continue in the absence of individuals who favor an international strategy.

Discussion and Conclusions

Current theories can help us understand parts of the three firms' international behavior. The eclectic paradigm is useful in assessing the decision of a single production unit in the later stages of a firm's internationalization, while the Uppsala internationalization model gives insights into incremental development in a firm's early stages of internationalization. However, adding entrepreneurs and entrepreneurship theory can increase our understanding of firms' internationalization. The difference in behavior in the early internationalization of Skega and Sunnex can be understood only if the entrepreneurs Åke Wester and Assar Svensson are included in the analysis. Previous research has shown the importance of entrepreneurs in smaller firms' international behavior (Bilkey and Tesar, 1977), but this study's empirical findings indicate that entrepreneurs are just as important in large firms (Rune Andersson at Trelleborg).

The conclusion that entrepreneurs can be used to understand firms' international behavior is valuable in itself, but identifying the ways in which entrepreneurs influence firms' international behavior can be even more useful. One problem with current theories and models is their focus on generalizations that suit "all" firms. This focus has blurred the results: "Beyond the generalization about export success described already, little uniformity of response was found. Many companies emphasized that there are few constants in the international market place, and one executive quite paradoxically observed that 'all generalizations are false' " (Kamath, et al., 1987, p. 406).

A better approach is to find categories of firms that behave in similar ways and to create "middle-range" concepts and theories (Strandskov, 1993). Different entrepreneurs influence international behavior in different directions. One way to categorize firms' internationalization processes is to use a conceptual framework (Figure 2). What types of entrepreneurs can be identified, and which international patterns can be perceived in firms with different types of entrepreneurs? I began with Schumpeter's (1934) classification of new combinations:

1. The introduction of a new good—that is, one with which consumers are not yet familiar—or of a new quality of good.
2. The introduction of a new method of production, that is, one not yet tested by experience in the branch of manufacture concerned, which need by no means be founded upon a discovery scientifically new, and can also exist in a new way of handling commodity commercially.
3. The opening of a new market, that is, a market into which the particular branch of manufacture of the country in question has not previously entered, whether or not that market has existed before.
4. The conquest of a new source of supply of raw materials or half manufactured goods, again irrespective of whether this source already exist or whether it has first to be created.
5. The carrying out of the new organization of any industry, like the creation of a monopoly position (for example, through trustification) or the breaking up of a monopoly position. (Schumpeter, 1934, p. 66)

Comparing this classification with my empirical findings, I distinguished three types of entrepreneurs. Those that carry out actions in accordance with points 1, 2, and 4 can be called technical entrepreneurs (Assar Svensson, Skega). These points deal with technical innovations, such as new products, parts of products, or new production technology. Entrepreneurs acting in accordance with point 5 can be called structure entrepreneurs (Rune Andersson, Trelleborg). Entrepreneurs that open up new markets can be called marketing entrepreneurs (Åke Wester, Sunnex). The marketing entrepreneur can also be innovative in ways other than those mentioned by Schumpeter: for example, employing new marketing methods, such as new distribution methods, in new markets (Mölleryd, 1997). The different types of entrepreneurs will choose different strategies for their companies. The different strategies give rise to different internationalization decisions regarding entry modes and market choice. The entrepreneurs influence the allocation of resources in their firms and direct resources into areas in which they themselves have a great interest and knowledge.

The technical entrepreneur and an international pull strategy

The technical entrepreneur's main interest is technology. In his discussions of strategy, the most important activities are product and production development. Internationalization is not the main interest of this entrepreneur, but new products can become known abroad through the international network of which the firm's customer is a part (Figure 3). A request from abroad can lead to exports or a licensing agreement. These international activities do not require as many resources as fully owned subsidiaries. The industry structure for markets with new products is mainly emergent or growing, and which markets are entered depends on which countries are making the inquiries.

The marketing entrepreneur and an international push strategy

The marketing entrepreneur has found a need in the market and has an idea of how to fill this demand. The product is seen in a wider context, since the market channels and brands may be more important than the physical product. Because this type of entrepreneur has a new idea, the market is often emergent or growing. He is proactive in the internationalization process and is creating new channels to reach the customer (Figure 4). He is willing to develop new international ventures and choose establishment modes, such as greenfield establishments of subsidiaries that require lots of resources. These establishment modes make it possible to penetrate markets quickly. Markets are chosen actively but need not be chosen in accordance with "rational" calculation. Personal preferences and networks may be more important.

The structure entrepreneur and international industry restructuring

The structure entrepreneur acts in mature industries. His strategy is implemented at the corporate level, and he does not directly intervene in operational matters.

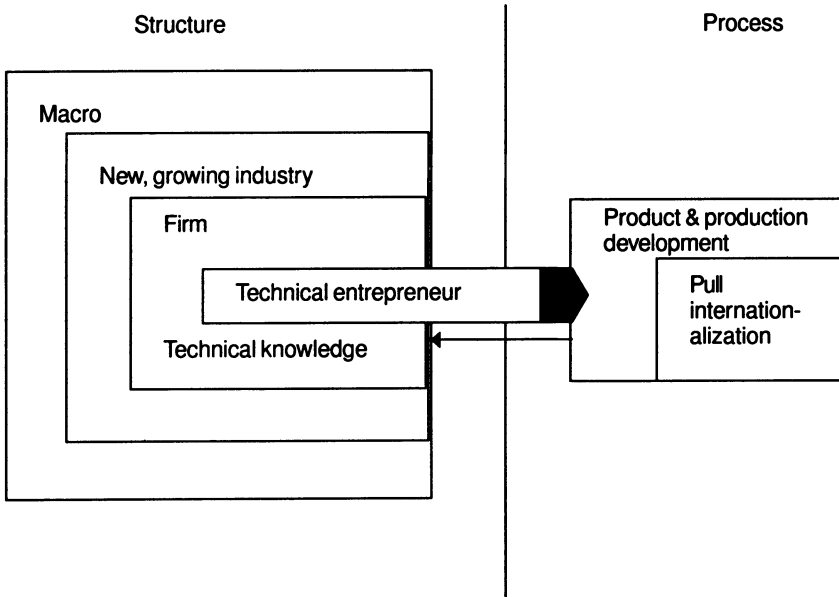


Figure 3. The Technical Entrepreneur and an International Pull Strategy

He is trying to restructure companies and industries. By combining organizations, new business ideas can be developed. From this perspective, internationalization is not a separate strategic goal but a consequence of the overall strategy. Because most mature industries are international, the structure entrepreneur becomes an important international actor. As he works in mature industries, he prefers acquisition and mergers to reduce capacity in these industries. Markets are chosen in accordance with the competitive situation (Knickerbocker, 1973), and markets without attractive acquisition or merger prospects are not entered.

Implications and further research

Using a conceptual framework strongly influenced by entrepreneurship literature increases our understanding of different internationalization patterns, allowing new concepts to be developed. These concepts can be viewed as a middle-range approach to conceptual development, proposed by Strandkov (1993) as a fruitful way to increase understanding of firms' internationalization processes. The present study identified three different types of entrepreneur: the technical, the marketing, and the structure entrepreneur. These entrepreneurs implement different international strategies.

The study reveals the limited importance of analyzing a firm and the external

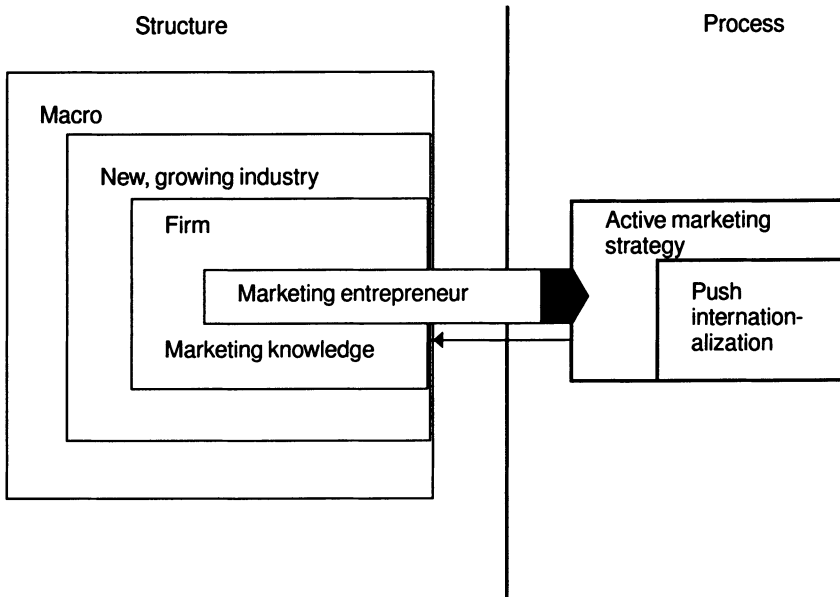


Figure 4. The Marketing Entrepreneur and an International Pull Strategy

factors associated with that firm's internationalization process if individuals at the firm are not included in the analysis. If an individual is strongly motivated to realize a strategic option such as internationalization, the likelihood of success is much greater. Internationalization is a consequence of different entrepreneurial actions. The study also indicates the importance of active owners for the international development of a firm. An active owner can act like an entrepreneur and implement new strategies for a firm. Different types of business groups, such as bank groups in Germany and Keiretsus in Japan (Aoki, 1990), and their influence on firms' internationalization are interesting new research areas.

The entrepreneurial perspective interprets choices of entry mode differently from the two dominant views in the literature. The process view proposes a stepwise increase in market involvement from direct export to establishment of a production unit abroad. The economic view proposes analysis of the market and the company to find one best solution for the company. The entrepreneurial perspective proposes that the individuals who take part in the internationalization process are the most important factors in determining the choice of establishment mode. Individuals at companies that appear to be similar and have similar environments can differ in their views of internationalization. This study shows that a market entrepreneur is likely to choose entry modes that demand more resources, such as subsidiaries. He is also more likely to be successful in managing

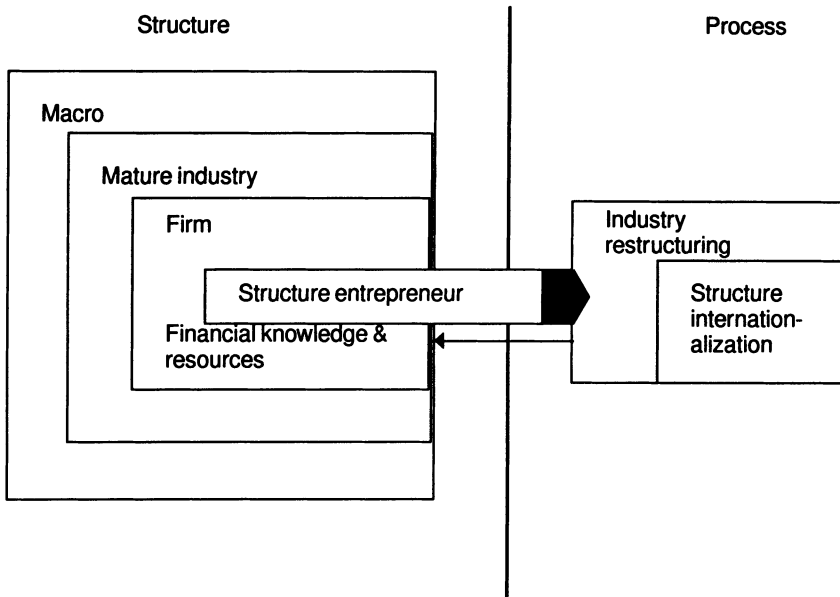


Figure 5. The Structure Entrepreneur and International Restructuring of the Industry

these entry modes, since he will commit himself to the project. The technical entrepreneur will probably be more successful with such resource-lean alternatives as licensing. The structure entrepreneur chooses establishment modes that fit the overall strategy of restructuring the industry, with acquisitions being the most common way to implement this strategy. That is, the choice of entry mode is dependent on the individuals who influence the internationalization process and the overall strategy of their firms. Another important implication of the entrepreneurial perspective is that choice of entry mode may not be the crucial decision in entering a market. Finding the right people has more significance than entry mode per se.

Different types of entrepreneurs also act differently when it comes to choosing markets. The marketing entrepreneur sees market choice as a vital part of his strategy. His decision does not, however, grow out of a rational analysis but is more a reflection of how he interprets the situation. The technical entrepreneur's market choice is reactive, a response to other players' actions. The structure entrepreneur chooses markets depending on the competitive situation in the industry. There is not one best choice of markets for a firm; rather, various behaviors are suitable for different types of entrepreneur.

This study is also relevant for governments that want to stimulate internationalization. The crucial issue in selecting potential international firms is that the

individuals at those firms have a strong drive toward internationalization.

This study highlights the role of the entrepreneur in analyzing a firm's internationalization process. The dominant view in the literature is that entrepreneurs are caught between a deterministic environment and an organization characterized by bureaucracy and inertia (Brandes and Brege, 1993). Here the entrepreneurship literature is used to emphasize the importance of individuals. However, other approaches that focus on individuals, such as a resource-based view of the firm (Penrose, 1959; Barney, 1991) and the decision-making literature (Aharoni, 1966; Bower, 1970; Boddewyn, 1983), might further enhance our understanding in this area. The present study found that different types of entrepreneur appear at different stages of an industry's life cycle. This article, however, has not addressed the life-cycle phenomenon, and more research investigating entrepreneurs at different stages of an industry's life cycle is recommended.

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Appendix 1: The development of Trelleborg

Trelleborg	Internationalization	Strategy	Entrepreneurs	Firm	Meso	Macro
1895–1950	No Regular (No foreign representatives)	Home market dominance	Henry Dunker	Knowledge development of rubber materials and applications	Cartels	Technical development (new types of rubber)
1950–70	Organic growth in Europe. Sales subsidiaries in Denmark 1959, Norway 1960, United States 1961, Switzerland 1961, Great Britain 1962, France 1962, Austria 1962, Belgium 1967, Spain 1970, Italy 1970.	Continued home market dominance; growth through new applications and new markets.	Henry Dunker Åke Ståhlbrandt Fredrik Bergström Kjell Larsson	Establishment of core competence in rubber production	Increased competition in home market from new foreign firms; important cooperation with customers in some application areas.	Technical development (new types of rubber and plastic ware); lower trade barriers.
1970–83	Organic growth outside Europe. Sales subsidiaries in Australia 1971, Brazil 1972, Iran 1976, Canada 1978, Mexico 1979.	Market dominance in certain niches; closing of other product areas; decentralized organization.	Åke Ståhlbrandt Arne Lundqvist Ulf av Trolle	Mining industry's emergence as important customer segment; development of international sales organization.	New competition from Asia (bicycle tires) and Skega (in mining rubber).	Radial tire invented; oil crisis; high production costs in Sweden.

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Appendix 1, *cont.*

Trelleborg	Internationalization	Strategy	Entrepreneurs	Firm	Meso	Macro
1983-90	International expansion by acquisitions.	Diversification by acquisition in new production areas.	Rune Andersson Ulf av Trolle	Skillful financial strategy.	Restructuring of Swedish rubber industry by acquisitions and liquidation; Skega's decision to adopt its own strategy.	Financial de-regulation; mining industry expansion outside Europe.
Trelleborg industry 1990-93	Separation from Svedala.	Rationalization and restructuring.	Rune Andersson Kjell Nilsson Fredrik Arp	Increased productivity.	Increased competition in mature markets.	Economic stagnation.
Trelleborg industry 1993-95	International expansion of rubber business outside Europe.	Concentration of Trelleborg's activities in three main areas: rubber, mining, and distribution.	Rune Andersson Kjell Nilsson Fredrik Arp	Increase in financial resources caused by divesting some product areas.	Increased concentration in the industry.	Lower trade barriers; depreciation of Swedish krona; technical development in communications and computers.
Svedala 1990-95	International expansion by acquisitions.	Restructuring of mature industries; market leadership; matrix organization and developed economic control.	Rune Andersson Thomas Oldér	Systems for economic control.	Svedala's emergence as a leading actor in restructuring the industry.	Technical development in communications and computers (imp. for economic control); mining industry expansion outside Europe.

Appendix 2: The development of Skega

Skega	Internationalization	Strategy	Entrepreneurs	Firm	Meso	Macro
1932–45	None	Diversified product development.	O. A. Svensson	Adaptability.	Boliden (important customer)	Depression, World War II
1945–69	Slow organic growth via licensing and agents.	Product- and production development strategies.	Assar Svensson Folke Svensson Fred Agri	Application knowledge in rubber for mining industry.	Boliden (customer) Trellex (competitor) SE Banken (financier)	Strong economic growth in Sweden and rest of world.
1969–86	Fast organic growth; foreign direct production investment in Chile 1969, Canada 1975, Mexico 1979, Peru 1986; sales subsidiaries in South Africa 1972, Singapore 1974, Brazil 1975, United States 1981.	Product development; international expansion	Assar Svensson Folke Svensson Marcus Wallenberg Sten Gustafsson Gunnar Ljungberg	World class in rubber for mining applications; strong financial position.	Boliden (customer) Trellex (competitor) Incentive (owner)	Sensitivity of mining industry to economic changes; oil crisis; trade barriers.
1986–95	Consolidation; acquisitions and sales.	Decentralization; concentration on core competence.	Torbjörn Wistrand Lars Kyhlberg Mikael Lilius	Concentration on seals and mining rubber.	Trelleborg buys Boliden; Svedala buys Skega.	Mining industry expansion outside Europe; lower trade barriers.

Appendix 3: The development of Sunnex

Sunnex	Internationalization	Strategy	Entrepreneurs	Firm	Meso	Macro
1966–80	Fast, active, organic growth; sales subsidiaries in Germany, France, United States, Great Britain.	Marketing strategy (trade channels and brands important).	Åke Wester subsidiary managers	LEGO marketing concept; trade channels.	Large industry customers (e.g. Electrolux) (Lego), governments, distributors, Hexagon (owner).	Fast economic growth; legislation in work environment.
1980–88	Shutdowns in Germany and Britain; positive development in France and United States.	Acquisitions; consolidation.	Bengt Guilbrandsen Torbjörn Eek Gunnar Ljungberg	LEGO marketing concept; trade channels.	Hexagon (owner); increased cooperation with other companies in Hexagon group; large industry customers.	Devaluation; high production costs in Sweden.
1988–95	Consolidation; startup venture in Czech Republic, later closed.	Improved productivity; split into two companies.	Håkan Erikson Jorlén family Ulf Hilding Lars Backman	Rational LEGO production; trade channels for own products.	Nolato (owner); increased customer demand, especially from automotive industry.	Internationalization of customers' purchasing strategies.