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# Assessing the needs of international markets against an emerging market company's capabilities: A tool for internationalization

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## Abstract

Senior managers in emerging markets often strive to ensure that their companies develop sufficient capabilities to confront the needs they encounter in international markets. However, extant research and practice remain unclear as to how senior managers in emerging market companies can approach assessing the needs of their international markets against their own company's capabilities, to aim for a balance between both. This article offers an innovative approach for assessing the needs of international markets against an emerging market company's capabilities. Based on the assessments of 100 senior managers leading emerging market companies, we explain how this approach can provide two key insights. First, evidence of a balance between the needs of international markets and an emerging market company's capabilities, that indicates the company's competitive position is focused; or evidence of an imbalance between the needs of international markets and an emerging market company's capabilities, that indicates the company's competitive position is either vulnerable or overqualified. Second, an understanding of where the gaps between the needs of international markets and an emerging market company's capabilities are, that enables improving the company's competitive position by closing these gaps. Drawing on this approach, we offer an open access tool that allows senior managers in emerging markets to identify and improve their own company's competitive position for internationalization. Using this tool, senior managers can lead their emerging market companies toward a focused competitive position in international markets, providing better chances of successfully capturing potential benefits.

KEYWORDS
capabilities, competitive position, emerging market companies, internationalization, tool

## 1 | THE NEEDS OF INTERNATIONAL MARKETS AND AN EMERGING MARKET COMPANY'S CAPABILITIES: AIMING FOR A BALANCE

Emerging market companies have come to account for 26% of the companies in the Fortune Global 500 ranking (Kotabe & Kothari, 2016). This has resulted in a plethora of publications that discuss how emerging market companies have become global players, such as the Mexican bakery Bimbo, the Indian conglomerate Tata Group, and the South African brewer SABMiller. However, the operational challenges that emerging market companies confront during their internationalization process and potential solutions for how to overcome these challenges, have received less attention (Akbar & Samii, 2005; Cuervo-Cazurra, Newburry, & Park, 2016; Teagarden, 2012). As emerging market

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companies advance from exporting—at an early stage of internationalization—to pursuing acquisitions or greenfield foreign direct investments—at a later stage—one of the most important operational challenges their senior managers face is ensuring the development of *sufficient* capabilities to confront the needs they encounter in international markets (Helfat et al., 2007; Johanson & Vahlne, 1977, 2009; Teece, 2007; Teece, Pisano, & Shuen, 1997). Nevertheless, extant research and practice remain unclear as to how senior managers in emerging market companies can approach assessing the needs of their international markets against their own company's capabilities, to aim for a balance between both.

Reaching a balance between the needs of international markets and an emerging market company's capabilities, denotes that the company has been effectively led toward a *focused* competitive position. This position provides better chances of successfully capturing potential benefits from international markets (Barney, 1995; Penrose, 1959). In contrast, when the needs of international markets outgrow an emerging market company's capabilities, this imbalance can lead the company toward a *vulnerable* competitive position. Such a position can expose the company to failures, or at least, to capturing only in part potential benefits from international markets. Alternatively, when an emerging market company's capabilities exceed the needs of international markets, this imbalance indicates an *overqualified* competitive position. This position demonstrates that the company has incurred high or unnecessary costs. An example can be the case of an emerging market company that establishes an overdimensioned structure for manufacturing or sales in a new host market. When this occurs, excessive capabilities unnecessarily raise the breakeven point of the international operation, affecting the likelihood that it will achieve a profit and a return on investment.

Evidently, during internationalization, senior managers in emerging markets aim to avoid leading their companies toward the extremes of a vulnerable or an overqualified competitive position. Rather, they target a focused competitive position, by ensuring that their companies develop sufficient capabilities to confront the needs they encounter in international markets (Collis, 2014; Lessard, Lucea, & Vives, 2013). The choice of targeting a focused competitive position, denotes the prominence of a market logic (Thornton & Ocasio, 2008). Under a market logic, senior managers allocate their attention to maximizing profit and return on investment (Ocasio, 1997; Thornton, 2002). Consequently, they direct their efforts toward achieving a focused competitive position, as this position provides better chances of successfully capturing potential benefits.

At first sight, achieving and sustaining a focused competitive position in international markets may appear to be simple. Yet, in practice, most senior managers in emerging market companies recognize that they often strive in doing so. Building on the extant literature, the perspectives from scholars and executives who are experts in emerging markets, and our own executive engagement, we developed a tool to help senior managers in emerging market companies approach assessing the needs of their international markets against their own company's capabilities. Our aim is to enable senior managers in emerging markets to identify and improve their own company's competitive position for internationalization, by answering two crucial questions:

1. Are the company's current capabilities unbalanced or balanced against the needs of its international markets?
2. Where are the gaps between the needs of the company's international markets and the company's current capabilities?

In the sections that follow, we offer a roadmap to answering these two crucial questions. We elaborate an innovative approach for assessing the needs of international markets against an emerging market company's capabilities. Then, based on the assessments of 100 senior managers leading emerging market companies, we explain how this approach can answer the prior crucial questions by providing two key insights. First, evidence of a balance between the needs of international markets and an emerging market company's capabilities, that indicates the company's competitive position is focused; or evidence of an imbalance between the needs of international markets and an emerging market company's capabilities, that indicates the company's competitive position is either vulnerable or overqualified. Second, an understanding of where the gaps between the needs of international markets and an emerging market company's capabilities are, that enables improving the company's competitive position by closing these gaps. Finally, drawing on this approach, we offer an open access tool that can help senior managers in emerging markets to identify and improve their own company's competitive position for internationalization. Using this tool, senior managers can lead their emerging market companies toward a focused competitive position in international markets, providing better chances of successfully capturing potential benefits.

## 2 | CONCEPTUALIZING AND MEASURING THE NEEDS OF INTERNATIONAL MARKETS AND AN EMERGING MARKET COMPANY'S CAPABILITIES

Based on extensive research and the approach discussed by Javidan and Teagarden (2011), we operationalized how to assess the needs of international markets against an emerging market company's capabilities. We accomplished the conceptualization of both constructs, (a) the needs of international markets and (b) an emerging market company's capabilities, by two activities. First, we conducted an in-depth literature review of the international business and strategic management literatures. Second, we conducted open-ended interviews with an expert panel of 15 international business scholars who teach, research, and offer consultancy services in emerging markets and around the world. Our aim was to integrate the findings from our literature review with the content analysis from the expert panel interviews, to identify common dimensions and elements that described each construct. As shown in Table 1, based on the literature and the data generated by the interviews, we identified three theoretically derived dimensions to comprise the needs of international markets, four theoretically derived dimensions to comprise an emerging market company's capabilities, and 36 elements to describe both constructs.

From our review of the international business literature, we also uncovered two sets of approaches developed to assess other

**TABLE 1** Dimensions and elements for constructs

| Constructs | The needs of international markets | An emerging market company's capabilities |
|---|---|---|
| **Dimensions** | 1. Complexity of international strategy | 1. Content of international strategy |
| | 2. Complexity of international markets | 2. Organizational structure |
| | 3. Volatility of international markets | 3. International supervision and monitoring |
| | | 4. Maturity and sophistication of international activity |
| **Elements** | 1. Growth of international markets | 1. Defined, written, and shared international strategy |
| | 2. Regulation, licenses, permissions | 2. Defined geographic scope, markets, and segments |
| | 3. Intensity of competition | 3. Suitable and specialized international team |
| | 4. Structure of channels | 4. Appointed capital to organic and inorganic international activity |
| | 5. Impact of exchange rates | 5. Number of current international markets |
| | 6. Volatility of operation factors | 6. Number of international employees |
| | 7. Dependence on government support | 7. Organizational structure that provides effective support for international strategy |
| | 8. Dependence on regional/global economy | 8. Defined responsibilities for support divisions |
| | 9. Level of internationalization | 9. Available technology |
| | 10. Culture | 10. Self-direction capability/high level of autonomy of leader and international team |
| | 11. Migration | 11. Multicultural abilities and knowledge of the global environment or a global mindset |
| | 12. Behavior of main competitors, suppliers, and partners | 12. Guidelines for organic and inorganic international growth |
| | 13. Precision of forecasts or budgets | 13. Policies for the international team |
| | 14. Public visibility of industry | 14. International outcomes separately measured |
| | 15. Scope of international activity | 15. Regular review of international outcomes |
| | 16. Type of international operations | 16. Identification and mitigation of international risks |
| | 17. Desired growth of future international operations | 17. Sharing of international knowledge to generate competitive advantage |
| | 18. Complexity expected in future international operations | 18. International management at the same level as that of its strongest competitors |

constructs, as shown in Table 2. One set of approaches has been developed for assessing an individual's degree of intercultural competence. Another set, has been developed for assessing a company's international market selection. We highlight that our study departs from this literature as it offers an approach for assessing the needs of international markets against an emerging market company's capabilities. The contribution of our approach is that it enables senior managers in emerging markets to identify and improve their own company's competitive position for internationalization, to provide better chances of successfully capturing potential benefits.

To develop our approach, we interviewed an expert panel of 15 executives in emerging market companies, holding the position of CEO or VP of International Business. Our rationale for selecting these executives was their vast experience in leading emerging market companies throughout their internationalization process. We asked these seasoned executives the following: "In your view, what elements describe the needs that an emerging market company encounters in its international markets?" "What elements describe the capabilities of an emerging market company to confront the needs of its international markets?" Our aim was to content-analyze the open-ended responses of these executives to sort their comments against the 36 elements we had previously identified to describe both constructs. Our purpose was reinforcing the choice of these specific elements, and adding or deleting elements. These interviews ranged from 30 to 45 min in duration and were recorded and transcribed. Table 3 shows an anonymous list of our interviewees, their industries, positions, years of experience leading the internationalization of emerging market companies, examples of their comments, and how these were sorted against the 36 elements. As the outcome of this activity, we confirmed the choice of 34 elements and deleted two elements (migration and available technology).

Next, a different expert panel composed of two executives and one scholar who were also experts in emerging markets, sorted the 34 confirmed elements into the theoretically derived dimensions based on how well each element represented a dimension (using a scale from 0 to 5, with 1 being not representative; 5 very representative; and 0 not assignable). These three experts settled their disagreements by discussing the logic underlying the sorting of specific elements and rewording or merging elements. Then, based on their feedback, we conducted a pilot study with a new group of 30 executives who were leading emerging market companies throughout their

**TABLE 2** Approaches for assessments in the international business field

| Approach | Study | Purpose | Contribution |
|---|---|---|---|
| **1. Approaches for assessing an individual's degree of intercultural competence** | | | |
| Business Cultural Intelligence Quotient (BCIQ) | Alon et al. (2018); Alon, Boulanger, Meyers, and Taras (2016) | Propose a new instrument for measuring cultural intelligence in the business context (BCIQ) | Unlike previous measures, BCIQ was specifically designed for business professionals and includes both attitudinal and knowledge questions. The measure comprises four factors: Motivation regarding new experiences and diversity; cross-cultural listening, communication, and adaptation; cognitive preparation and learning behavior when encountering new cultures; and global knowledge |
| Global Competencies Inventory (GCI) | Stevens, Bird, Mendenhall, and Oddou (2014) | Propose a measure of intercultural competence for global leaders | The proposed measure assesses the degree to which individuals possess the intercultural competencies that are associated with global leader effectiveness. The measure comprises three factors: Perception management, relationship management, and self-management |
| Global Mindset Inventory (GMI) | Javidan and Teagarden (2011) | Propose an instrument for measuring the construct of global mindset, as an individual's ability to influence individuals, groups, organizations, and systems that are unlike him or her or his or her own | The proposed measure predicts performance in global leadership through an individual's attributes and characteristics. The measure comprises three factors: Intellectual capital, social capital, and psychological capital |
| Global Executive Leadership Inventory (GELI) | Kets de Vries (2005); Kets de Vries, Vrignaud, and Florent-Treacy (2004) | Propose a 360° leadership feedback instrument | The proposed measure enables the user to determine those areas of leadership behavior where improvement is needed. The measure comprises 12 dimensions: Envisioning, empowering, energizing, designing and aligning, rewarding and feedback, team-building, outside orientation, global mindset, tenacity, emotional intelligence, life balance, and resilience to stress |
| Cultural Intelligence Scale (CQS) | Earley and Ang (2003) | Propose a scale for measuring cultural intelligence, to capture a person's capability to adjust effectively across cultural contexts | The proposed measure comprises four dimensions: Metacognitive, cognitive, motivational, and behavioral |
| Intercultural Development Inventory (IDI) | Hammer, Bennett, and Wiseman (2003) | Propose a measure for intercultural competence, the ability to think and act in interculturally appropriate ways | The proposed measure estimates which stage of intercultural development the respondent is in. The measure comprises five dimensions: Denial/defense; reversal; minimization; acceptance/adaptation; and encapsulated marginality |

**TABLE 2** (Continued)

| Approach | Study | Purpose | Contribution |
|---|---|---|---|
| **2. Approaches for assessing a company's international market selection** | | | |
| Three-stage template for international market selection | Ozturk, Joiner, and Cavusgil (2015) | Propose a new, flexible, and practical approach to assist in international market selection (IMS) based on industry-level analysis | The proposed model estimates market potential based on country responsiveness (i.e., income elasticity), growth potentials, and relevant macroeconomic variables. Best foreign markets would differ by industry |
| Emerging market potential criteria | Sakarya, Eckman, and Hyllegard (2007) | Propose a tool based on four criteria specific to the assessment of emerging markets as international expansion opportunities | The proposed tool specific to assessing emerging markets revealed growth and sourcing opportunities that might otherwise have been overlooked |
| Extension of Overall Market Opportunity Index (OMOI) | Mullen and Sheng (2006) | Extend and evaluate the OMOI method proposed by Cavusgil (1997) | OMOI is a stable tool but weights for measures should be determined carefully because they can change the outcome |
| Country clustering and country ranking | Cavusgil, Kiyak, and Yeniyurt (2004) | Propose and illustrate two complementary approaches in foreign market assessment and selection: Country clustering and country ranking | The two complementary methods (clustering and ranking) offer objective and comprehensive analytical techniques for evaluating markets |
| Overall Market Opportunity Index (OMOI) | Cavusgil (1997) | Propose a method for quantifying and ranking market potential of countries | The Overall Market Opportunity Index (OMOI) was developed based on ranking market potential of countries, indexing market potentials, and weighting each measure to obtain an overall index |
| **3. Approach for assessing the needs of international markets against an emerging market company's capabilities** | | | |
| Assessment of the needs of international markets against an emerging market company's capabilities | Our study | Propose an approach for assessing the needs of international markets against an emerging market company's capabilities | The proposed tool enables senior managers in emerging markets to identify and improve their own company's competitive position for internationalization, to provide better chances of successfully capturing potential benefits |

internationalization process, holding the position of CEO or VP of International Business. For these executives to assess each element, we used a scale from 1 to 5, with 1 being the lowest score and 5 the highest score. The Cronbach's alpha values of .894 for the needs of international markets and of .937 for an emerging market company's capabilities, showed that the final elements had good internal consistency. In the next two sections, we explain the dimensions and elements that emerged from the literature and the expertise of scholars and executives, to enable the assessment of each construct.

## 2.1 | Assessment of the needs of international markets: Complexity and volatility

Three dimensions including 16 elements emerged to enable the assessment of the needs of international markets. Table 4 shows that these dimensions involve the complexity of an emerging market company's international strategy, the complexity of its international markets, and the volatility of its international markets.

The first dimension is the complexity of an emerging market company's international strategy. This is the starting point because the greater the complexity of an emerging market company's international strategy, the higher the level of needs the company is likely to encounter in its international markets. Extant literature suggests that the complexity of a company's international strategy can be measured by the scope of international activity, the cultural distance between home and host markets, the type of international operations, the desired growth of future international operations, and the expected complexity in future international operations. The scope of an emerging market company's international activity indicates the degree to which the company's international operations range from being set in a few close countries, to

**TABLE 3** Expert panel of executives in emerging market companies

| Expert | Industry | Position | Years of experience leading internationalization | Comment | Element |
|---|---|---|---|---|---|
| 1 | Processed food | CEO | 20 | Expert 1: "The needs that a company faces in its international markets greatly depend on whether these markets are few and close, similar to the home country, or numerous and more distant." | Scope of international activity<br>Cultural distance |
| 2 | Processed food | VP | 13 | | |
| 3 | Processed food | CEO | 15 | | |
| 4 | Processed food | VP | 10 | | |
| 5 | Processed food | CEO | 11 | | |
| 6 | Manufacturing | CEO | 18 | Expert 6: "The needs in international markets are shaped by the intensity of competition, whether we are competing with locals or also with other emerging-market and advanced-market multinationals." | Intensity of competition |
| 7 | Manufacturing | VP | 14 | | |
| 8 | Manufacturing | CEO | 16 | | |
| 9 | Manufacturing | VP | 12 | | |
| 10 | Services | CEO | 10 | | |
| 11 | Services | CEO | 15 | Expert 11: "Having a defined international strategy written in simple terms that is known by all employees is the most important capability of a company to confront the needs of its international markets." | Defined, written, and shared international strategy |
| 12 | Services | VP | 10 | | |
| 13 | Garments | CEO | 16 | Expert 13: "Building a suitable team that is focused on internationalization is crucial. Also, allocating financial resources to organic and inorganic internationalization." | Suitable and specialized international team<br>Appointed capital to organic and inorganic international activity |
| 14 | Garments | CEO | 11 | | |
| 15 | Garments | VP | 12 | | |

being set in many dispersed countries (Guillotin & Mangematin, 2015; Tallman & Li, 1996). Similarly, the cultural distance between an emerging market company's home and host markets can range from low, when host markets have similar cultures that speak the same language, to high, when host markets involve different cultures speaking different languages (Ghemawat, 2001). Extant research indicates that the greater the scope of a company's international activity, the more likely the company will face important differences between the contexts of its home and host markets (Liu & Vrontis, 2017), including a greater cultural distance (Ghemawat, 2007; Hofstede, 1983). Next, an emerging market company's type of international operations can range from exports to full overseas operations, involving increasing degrees of resource commitment (De Villa et al., 2015; Kumar & Subramaniam, 1997). Further, the desired growth of an emerging market company's future international operations can oscillate between low and high, depending on the company's resources and appetite for risk, among other factors. Also, the complexity expected in an emerging market company's future international operations, can vary from being less or staying the same, to becoming greater. Extant research suggests that an increase in a

**TABLE 4** Assessment of the needs of international markets

| Dimensions | Elements | Literature |
|---|---|---|
| 1. Complexity of international strategy | 1.1 Scope of international activity | Guillotin and Mangematin (2015); Tallman and Li (1996) |
| | 1.2 Cultural distance between home and host markets | Ghemawat (2001, 2007); Hofstede (1983); Liu and Vrontis (2017) |
| | 1.3 Type of international operations | De Villa, Rajwani, and Lawton (2015); Kumar and Subramaniam (1997) |
| | 1.4 Desired growth of future international operations | Collis (2014) |
| | 1.5 Complexity expected in future international operations | Collis (2014) |
| 2. Complexity of international markets | 2.1 Intensity of competition | Chen, Li, and Shapiro (2012); Peng (2012); Porter (1979); Ramamurti and Singh (2010) |
| | 2.2 Structure of channels | Kotler and Keller (2012) |
| | 2.3 Public visibility of industry | Henisz (2014); Scott (2014); Suchman (1995) |
| | 2.4 Dependence on regional/global economy | Volberda et al. (2011). |
| | 2.5 Regulation, licenses, permissions | Volberda et al. (2011). |
| | 2.6 Dependence on government support/need to exert political influence | Hillman, Keim, and Schuler (2004); Peng, Wang, and Jiang (2008); Scott (2014); Volberda et al. (2011) |
| 3. Volatility of international markets | 3.1 Precision of forecasts or budgets | Wyatt (2012) |
| | 3.2 Growth of international markets | Eisenhardt and Martin (2000) |
| | 3.3 Behavior of main competitors, suppliers, and partners | Porter (1979) |
| | 3.4 Impact of exchange rates | Frynas and Mellahi (2011) |
| | 3.5 Volatility of operation factors | Frynas and Mellahi (2011) |

company's international growth is likely to imply an increase in the complexity of its international operations (Collis, 2014).

The second dimension to assess the needs of an emerging market company's international markets, is focused on their complexity. Extant literature suggests that the complexity of a company's international markets can be measured by the intensity of competition; the structure of channels; the public visibility of the company's industry; the dependence on the regional or global economy; the level of regulation, licenses, and permissions; and the dependence on government support or political influence. The intensity of competition can range from low, involving local competitors, to intense, involving competition from emerging-market and advanced-market multinationals (Chen et al., 2012; Peng, 2012; Porter, 1979; Ramamurti & Singh, 2010). Likewise, the structure of channels can extend from simple, involving distributors or wholesalers, to complex, involving a proprietary sales force (Kotler & Keller, 2012). In addition, the public visibility of an emerging market company's industry can vary from low to high, implying being followed by interest groups (Henisz, 2014). Extant research suggests that the greater the public visibility of a company's industry, the more likely the company will be urged to dedicate significant efforts to gaining and sustaining legitimacy from its stakeholders (Scott, 2014; Suchman, 1995). Next, the dependence on the regional or global economy of an emerging market company's international markets can extend from low, having less impact on the company, to high, having greater impact on its operations. Further, the level of regulation, licenses, and permissions, can vary from low, tending toward self-regulation, to high and complex. Also, the dependence of an emerging market company on government support or its need to exert political influence, can range from low to high, implying the need for subsidies or for the company to exert influence over legislation to enable its viability (Hillman et al., 2004; Peng et al., 2008; Scott, 2014). Extant research explains that despite economic, legal, and political factors cannot be directly controlled by companies, these factors often add the greatest complexity to their operations (Volberda et al., 2011).

The third dimension to assess the needs of an emerging market company's international markets, concentrates on their volatility. Extant literature suggests that the volatility of a company's international markets can be measured by the precision of forecasts or budgets; the growth of international markets; the behavior of main competitors, suppliers, and partners; the impact of exchange rates; and the volatility of operation factors. The precision of forecasts or budgets can vary from high, indicating that there is low deviation from actual results, to low, indicating that there is high deviation (Wyatt, 2012). Next, the growth of international markets can range from low and stable, to high and changing. Extant research explains that some companies can be set in inherently stable international markets, while others can operate in high-velocity markets (Eisenhardt & Martin, 2000). Likewise, the behavior of main competitors, suppliers, and partners, can be perceived as ranging from predictable, to unpredictable (Porter, 1979). Further, the impact of exchange rates may be found to vary from not affecting an emerging market company's outcomes, to highly affecting its results. Also, the volatility of operation factors, such as freights, tariffs, surtaxes, and taxes, can vary from low, offering stability, to high, increasing unpredictability (Frynas & Mellahi, 2011).

## 2.2 | Assessment of an emerging market company's capabilities: Strategy, structure, supervision, and maturity

Four dimensions including 15 elements, also emerged from the literature and the expertise of scholars and executives, to enable the assessment of an emerging market company's capabilities. Table 5 shows that these dimensions involve the content of an emerging market company's international strategy, its organizational structure, international supervision and monitoring, and the maturity and sophistication of its international activity.

The first dimension is the content of an emerging market company's international strategy. Extant research suggests that the content of a company's international strategy can be assessed by the existence of a defined, written, and shared international strategy; the definition of a geographic scope, markets, and segments; and the formalization of guidelines for organic and inorganic international growth. All of these elements have been viewed as best practices for developing the content of international strategy (Collis, 2014; Collis & Rukstad, 2008).

The second dimension to assess an emerging market company's capabilities, examines its organizational structure. At the macro level, extant literature suggests that a company's organizational structure can be assessed by how well it is perceived to effectively support a company's international strategy; the existence of a suitable and specialized international team; the existence of defined responsibilities for support divisions, regarding their assistance to the international team; and the definition of clear policies for the international team, such as prices, commercial conditions, product specifications, and approval authority (Frynas & Mellahi, 2011; Volberda et al., 2011). Also, at the micro level, a company's organizational structure can be assessed by the self-direction capability or high level of autonomy of the leader and its international team; and the multicultural abilities and knowledge of the global environment or global mindset of the leader and its international team (Javidan & Teagarden, 2011; Levy et al., 2007).

The third dimension to assess an emerging market company's capabilities, analyzes its international supervision and monitoring. Previous research indicates that the level of a company's international supervision

**TABLE 5** Assessment of an emerging market company's capabilities

| Dimensions | Elements | Literature |
|---|---|---|
| 4. Content of international strategy | 4.1 Defined, written, and shared international strategy<br>4.2 Defined geographic scope, markets, and segments<br>4.3 Guidelines for organic and inorganic international growth | Collis (2015); Collis and Rukstad (2012) |
| 5. Organizational structure | 5.1 Effective support for international strategy<br>5.2 Suitable and specialized international team<br>5.3 Defined responsibilities for support divisions<br>5.4 Policies for the international team<br>5.5 Self-direction capability/high level of autonomy<br>5.6 Multicultural abilities and knowledge of the global environment or a global mindset | Frynas and Mellahi (1996); Javidan and Teagarden (2011); Levy, Beechler, Taylor, and Boyacigiller (2007); Volberda et al. (2010) |
| 6. International supervision and monitoring | 6.1 International outcomes separately measured<br>6.2 Regular review of international outcomes<br>6.3 Identification, measurement, and mitigation of international risks<br>6.4 Appointed capital to organic and inorganic international activity | Collis (2015); Frynas and Mellahi (1996) |
| 7. Maturity and sophistication of international activity | 7.1 Sharing of international knowledge to generate competitive advantage<br>7.2 International management at the same level as that of its strongest competitors | Easterby-Smith and Prieto (1998); Collis (2015); Frynas and Mellahi (1996); Kotabe and Kothari (2005); Teece (1997) |

and monitoring can be assessed by uncovering to what extent international outcomes are separately measured, whether the CEO and Board of Directors regularly review international outcomes, to what extent the risks associated to a company's international strategy are identified and measured for mitigation purposes, and to what degree capital is appointed to organic and inorganic international activity (Collis, 2014; Frynas & Mellahi, 2011).

Finally, the fourth dimension to assess an emerging market company's capabilities, focuses on the level of maturity and sophistication of its international activity. Prior research suggests that the maturity and sophistication of a company's international activity can be assessed by identifying to what degree there is sharing of international knowledge to generate competitive advantage (Easterby-Smith & Prieto, 2008; Kotabe & Kothari, 2016; Teece, 1998) and to what extent the international management of the company is at the same level as that of its strongest competitors (Collis, 2014; Frynas & Mellahi, 2011).

## 3 | ASSESSING THE NEEDS OF INTERNATIONAL MARKETS AGAINST AN EMERGING MARKET COMPANY'S CAPABILITIES

Using the previous dimensions and elements, we developed a survey as a tool for assessing the needs of international markets against an emerging market company's capabilities (Fink, 2013). The survey is divided into two sections. The first section assesses the needs of international markets, and the second section assesses an emerging market company's capabilities. Appendix A shows the dimensions and elements included in each section of the survey. For senior managers to assess each element, we used a scale from 1 to 5, with 1 being the lowest score and 5 the highest score. To calculate the total scores for the needs of international markets and an emerging market company's capabilities, the ratings of the elements within each section were added. As illustrated in Figure 1, the structure of the survey allows the total score for the needs of international markets (Section 1), to be confronted against the total score for an emerging market company's capabilities (Section 2). As a result, one can identify whether an emerging market company's competitive position is focused, vulnerable, or overqualified.

We collected the complete assessments of 100 senior managers leading emerging market companies throughout their internationalization process to illustrate the usefulness of our approach. These senior managers were in the position of CEO or VP of International Business. Table 6 shows that their companies were at diverse stages in their internationalization process, of different sizes, from diverse industries, and shared an emerging home country.

To analyze these senior managers' individual assessments, the total scores for the needs of their international markets and their emerging market company's capabilities were calculated by adding the ratings of the elements within each corresponding section. The possible total scores were, 80 points for the needs of their international markets, and 75 points for their emerging market company's capabilities. Then, to confront the needs of their international markets against their own emerging market company's capabilities, the total score for the needs of their international markets (Section 1) was subtracted from the total score for their emerging market company's capabilities (Section 2). The result shows evidence of an imbalance or a balance between both, uncovering each emerging market company's competitive position for internationalization. Specifically, a result beyond the range of +10/−10 shows evidence of an imbalance. A negative imbalance indicates a *vulnerable* competitive position. Alternatively, a positive imbalance indicates an *overqualified* competitive position. In contrast, a result equal to zero (0) or between the range of +10/−10 shows evidence of a balance. A balance indicates a *focused* competitive position. Next, to understand where the gaps between the needs of their international markets and their emerging market company's capabilities are, the needs of their international markets were ordered from highest to lowest, and their emerging market company's capabilities were ordered from lowest to highest. Then, the highest needs of

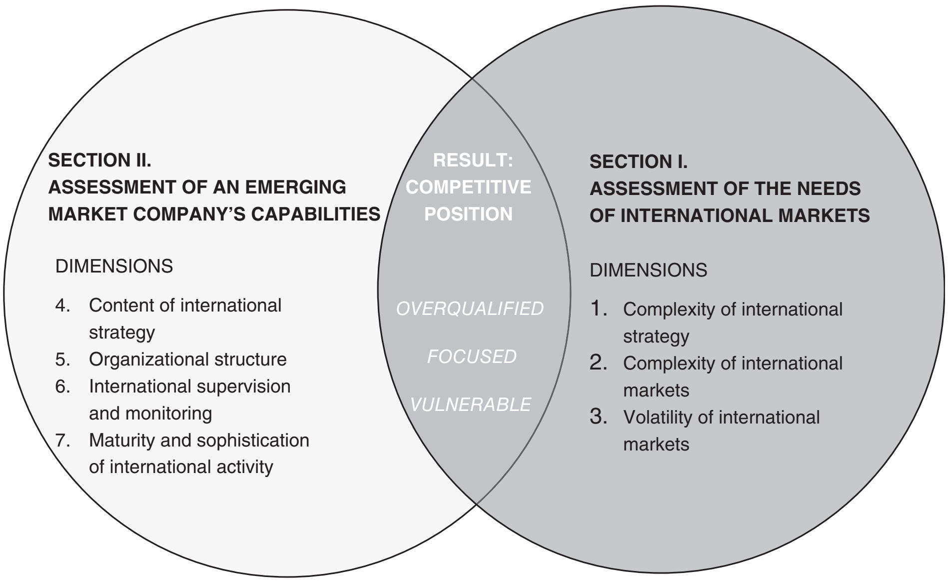


**FIGURE 1** Structure of survey

**TABLE 6** Number of emerging market companies per characteristic

| | n |
|---|---|
| Stage of internationalization[a] | |
| Advanced | 64 |
| Intermediate | 17 |
| Early | 19 |
| Size[b] | |
| Large | 52 |
| Medium | 29 |
| Small | 19 |
| Industries | |
| Manufacturing | 40 |
| Processed food | 27 |
| Services | 26 |
| Garments | 7 |
| Home country | |
| Emerging | 100 |
| Developed | 0 |

[a]Emerging market companies at an advanced stage, owned full overseas operations in several host markets; at an intermediate stage, had direct sales in several or few host markets; and at an early stage, had exports to third parties in few host markets.
[b]Large emerging market companies, had annual sales equal to or over USD350 million; medium emerging market companies, had annual sales less than USD350 million and more than or equal to USD35 million; and small emerging market companies, had annual sales less than USD35 million.

their international markets were contrasted with their emerging market company's lowest capabilities.

Finally, to examine the sample of these senior managers' assessments, we used STATA software to calculate descriptive statistics and conduct a cluster analysis—a multivariate technique that groups elements, trying to achieve maximum homogeneity within each group while ensuring the greatest difference between groups (Hair, Black, Babin, & Anderson, 2010). Our aim was to identify similarities and differences among the assessments of these senior managers and their emerging market companies.

## 4 | INSIGHTS FROM THE ASSESSMENTS OF 100 SENIOR MANAGERS LEADING EMERGING MARKET COMPANIES

Based on the analysis, we show in Figure 2 that a balance between the needs of international markets and an emerging market company's capabilities, can be found along the central diagonal that ascends from left to right and between the parallel diagonals that indicate a range of +10/−10. In Figure 2, using a star symbol, our results indicate that senior managers in the sample assessed the needs of their international markets with an average total score of 54.19 points, while they assessed their emerging market companies' capabilities with an average total score of 50.48 points. When confronting the needs of their international markets against their emerging market companies' capabilities, despite finding a negative result (50.48–54.19 = −3.71), this ranged between +10/−10, providing evidence of a balance. A balance indicates that, on average, these senior managers perceived their emerging market companies' competitive position in international markets as *focused*. However, it is common to find that the needs of international markets are assessed slightly higher than an emerging market company's capabilities, given that, throughout their learning curves during internationalization, companies often identify what they should adjust and improve to satisfy the needs they encounter in international markets (Johanson & Vahlne, 2009).

In Table 7, an analysis of the gaps between the needs of their international markets and their emerging market companies' capabilities, shows that, on average, senior managers in the sample perceived that the highest needs of their international markets were related to the complexity of their companies' international strategy. Whereas, the lowest capabilities of their emerging market companies were in the maturity and sophistication of their international activity. Within the needs of their international markets, the dimension "complexity of international strategy" indicated that these senior managers desired high growth for their future international operations (average score 4.17), while expecting greater complexity in these operations (average score 3.67). Likewise, prior research suggests that an increase in a company's international growth is likely to imply an increase in the complexity of its international operations (Collis, 2014). Within their emerging market companies' capabilities, the dimension "maturity and sophistication of international activity" indicated that these senior managers perceived that their companies' international experience had not yet achieved a high level of sophistication and maturity, manifested in the sharing of international knowledge to generate competitive advantage (average score 2.77). In addition, senior managers perceived that more efforts were required for their companies' international activity to reach the same level as that of their strongest competitors (average score 2.86). Overall, this analysis uncovers that to improve their emerging market companies' competitive position, these senior managers can lead the development of capabilities that enhance the maturity and sophistication of their companies' international activity, to more effectively address the increasing complexity of their companies' international strategy.

From a closer perspective, surprisingly, we found that 59% of senior managers in the sample perceived that their emerging market companies had developed *insufficient* capabilities to confront the needs of their international markets. Using cluster analysis, Figure 3 shows that our data highlighted four distinctive groups that on average assessed insufficient capabilities against the needs of their international markets (see Groups 2, 5, 6, and 7).

In Group 6, senior managers led emerging market companies that were mostly at an early stage of their internationalization process (57%) and had a small or medium size (85%). Their emerging market companies mainly belonged to the manufacturing (43%) and services industries (43%), and a few belonged to the garments industry (14%). These senior managers perceived that their emerging market companies had developed, on average, a low level of capabilities, 27.57 points. However, they were equally confronting, on average, a low

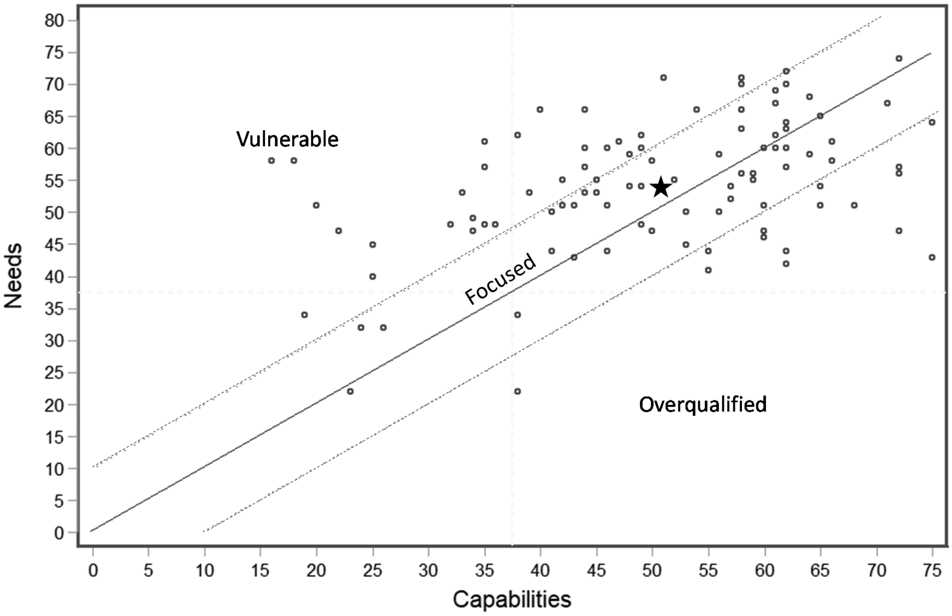


**FIGURE 2** Needs of international markets vs. emerging market companies' capabilities [Color figure can be viewed at wileyonlinelibrary.com]

level of needs in their international markets, 30.86 points. Consequently, when confronting the needs of their international markets against their emerging market companies' capabilities, despite finding a negative result (27.57–30.86 = −3.29), this ranged between +10/−10, providing evidence of a balance. A balance indicates that although these senior managers assessed their emerging market companies' capabilities as insufficient, they perceived that their companies had been led toward a *focused* competitive position in their international markets. These senior managers should be aware that, as their emerging market companies confront international markets with higher demands, they must actively lead the development of their company's capabilities. In this way, senior managers can effectively avoid leading their emerging market companies toward a vulnerable competitive position and instead sustain a focused competitive position in international markets.

In Groups 5 and 7, senior managers led emerging market companies that were mostly at an advanced stage of their internationalization process (Group 5: 85%; Group 7: 100%) and had a large size (Group 5: 68%; Group 7: 72%). Their emerging market companies belonged mainly to the manufacturing industry in the case of Group 5 (manufacturing 53.5%, services 25%, processed food 18%, and garments 3.5%) and to the processed food and services industries in the case of Group 7 (processed food 36.4%, services 36.4%, and manufacturing 27.2%). As in the case of Group 6, when confronting the needs of their international markets against their emerging market companies' capabilities, despite finding negative results (Group 5: 45.11–54.96 = −9.85; Group 7: 67.64–58.09 = −9.55), these ranged between +10 and −10, providing evidence of a balance. A balance indicates that these senior managers also perceived that their emerging market companies had been led toward a *focused* competitive position in their international markets, even though they assessed their companies' capabilities as insufficient. However, the negative results of Groups 5 and 7 were closer to −10 (Group 5: −9.85; Group 7: −9.55), than the negative result of Group 6 (−3.29). This suggests that, despite most emerging market companies in Groups 5 and 7 were more advanced in their internationalization and had a larger size, their

**TABLE 7** Analysis of gaps

| | Needs of international markets—From highest to lowest | Average score of elements in dimension | Emerging market companies' capabilities—From lowest to highest | Average score of elements in dimension |
|---|---|---|---|---|
| Sample | Complexity of international strategy | 3.49 | Maturity and sophistication of international activity | 2.82 |
| | Complexity of international markets | 3.43 | Organizational structure | 3.23 |
| | Volatility of international markets | 3.24 | Content of international strategy | 3.55 |
| | | | International supervision and monitoring | 3.72 |
| Group 2 | Complexity of international markets | 3.42 | Maturity and sophistication of international activity | 1.35 |
| | Volatility of international markets | 3.22 | Organizational structure | 1.95 |
| | Complexity of international strategy | 2.98 | Content of international strategy | 2.00 |
| | | | International supervision and monitoring | 2.12 |

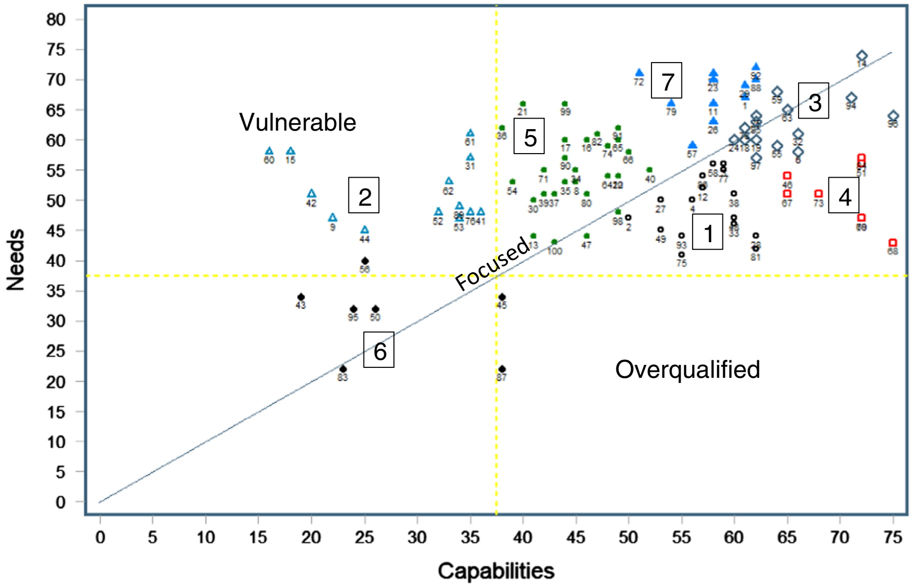


**FIGURE 3** Competitive positions of emerging market companies [Color figure can be viewed at wileyonlinelibrary.com]

senior managers urge to be more attentive to ensuring the development of sufficient capabilities to sustain a focused competitive position in international markets.

Similar to Group 6, in Group 2, senior managers led emerging market companies that were mostly at an early stage of their internationalization process (69%) and had a small or medium size (85%). Their emerging market companies belonged mainly to the processed food, manufacturing, and services industries (processed food 31%, manufacturing 31%, services 31%, and garments 7%). However, these senior managers assessed the needs of their international markets differently, with a higher average total score of 51.30 points. This score is almost twice the average total score for their emerging market companies' capabilities, 28.84 points. Consequently, when confronting the needs of their international markets against their emerging market companies' capabilities, we found a negative result of −22.46 points that transcended the range of +10/−10, providing evidence of an imbalance. A negative imbalance indicates that these senior managers perceived that their companies had been led toward a *vulnerable* competitive position in their international markets by the development of insufficient capabilities. Unexpectedly, we found that 31% of the senior managers in the sample perceived that their emerging market companies had been led toward a *vulnerable* competitive position, over the upper parallel line in Figure 2. These senior managers must realize that their emerging market companies are in a position in which they are exposed to failures, or at least, to capturing only in part potential benefits from international markets.

In Group 2, an analysis of the gaps between the needs of their international markets and their emerging market companies' capabilities shows that, on average, senior managers perceived that the highest needs of their international markets raised from the complexity of their company's international markets. Also, the lowest capabilities of their emerging market companies were in the maturity and sophistication of their international activity. When contrasting the analysis of the gaps between the sample and Group 2, Table 7 shows that both perceived the lowest capabilities of their emerging market companies were in "the maturity and sophistication of international activity." However, the highest needs of international markets in the sample were related to the "complexity of international strategy," while, in Group 2, they raised from the "complexity of international markets". This analysis uncovers that, for the senior managers in Group 2, to improve their emerging market companies' competitive position they can lead the development of capabilities that enhance the maturity and sophistication of their companies' international activity, to more effectively address the increasing complexity of their international markets.

In contrast, we found that 38% of the senior managers in the sample perceived that their emerging market companies' capabilities *exceeded* the needs of their international markets. Using cluster analysis, Figure 3 shows that our data highlighted three distinctive groups that, on average, assessed their emerging market companies' capabilities as exceeding the needs of their international markets (see Groups 1, 3, and 4).

In Groups 1 and 3, senior managers led emerging market companies that were mostly at an advanced stage of their internationalization process (Group 1: 56%; Group 3: 88%) and had a large size (Group 1: 50%; Group 3: 71%). Their emerging market companies belonged mainly to the manufacturing and processed food industries in the case of Group 1 (manufacturing 44%, processed food 37.5%, services 12.5%, and garments 6%) and to the processed food and services industries in the case of Group 3 (processed food 29%, services 29%, manufacturing 24%, and garments 18%). When confronting the needs of their international markets against their emerging market companies' capabilities, we found a positive result (Group 1: 57.25–48.75 = 8.5; Group 3: 64.76–59.28 = 5.48), that ranged between +10 and −10, providing evidence of a balance. A balance indicates that despite these senior managers assessed their emerging market companies' capabilities exceeded the needs of their international markets, they perceived that their companies had been led toward a *focused* competitive position in international markets. These senior managers must carefully control over-exceeding their emerging market companies' capabilities to be able to sustain a focused competitive position.

Differently, in Group 4, senior managers led emerging market companies that were mostly at an advanced (62.5%) or an intermediate (37.5%) stage of their internationalization process, while having diverse sizes (large 25%, medium 37.5%, small 37.5%). Their emerging market companies mainly belonged to the manufacturing industry (manufacturing 50%, processed food 37.5%, and services 12.5%). When confronting the needs of their international markets against their emerging market companies' capabilities, we found a positive result (70.13–45.56 = 24.57) that transcended the range of +10/−10, providing evidence of an imbalance. A positive imbalance indicates that these senior managers perceived that their companies had been led toward an *overqualified* competitive position in their international markets, by the development of excessive capabilities. We found that 16% of the senior managers in the sample perceived that their emerging market companies had been led toward an *overqualified* competitive position, below the lower parallel line in Figure 2. These senior managers must recognize that their emerging market companies are ready to confront more demanding international markets. Alternatively, these senior managers have deliberately developed excessive capabilities to gain a market position in an already saturated market or to achieve a dominant market position. Otherwise, excessive capabilities are unnecessarily raising the breakeven point of their international operations, affecting the likelihood that they will achieve a profit and a return on investment.

## 5 | IMPLICATIONS FOR PRACTICE

For management practice, the most important implication of our study is the offer of an innovative approach for assessing the needs of international markets against an emerging market company's capabilities. We highlight that this approach has been developed based on the expertise of scholars and executives in emerging markets. This approach aims to enable senior managers leading emerging market companies throughout their internationalization process, to overcome one of the most important operational challenges they face: ensuring the development of *sufficient* capabilities to confront the needs they encounter in international markets.

We argue that despite an emerging market company's size, industry, or home country, all senior managers in emerging markets can find this approach useful at any stage throughout their company's internationalization process. Yet, according to an emerging market company's stage of internationalization, based on our findings, we highlight the potential outcomes and implications that senior managers can often expect from the assessment of the needs of their international markets against their own company's capabilities.

During an early stage of internationalization, when emerging market companies have developed exports to third parties in few host markets, senior managers can often find either one of the next two outcomes. The first outcome can indicate that while their emerging market company has developed a low level of capabilities, it is also confronting a low level of needs in its international markets (i.e., point 1, Figure 4). A balance between a low level of capabilities and a low level of needs in international markets, indicates a focused competitive position. This outcome implies that senior managers should be aware that, as their company confronts international markets with higher demands, they must actively lead the development of their company's capabilities. Alternatively, the second outcome can indicate that their emerging market company has developed insufficient capabilities to confront the needs of its international markets (i.e., point 2, Figure 4). A negative imbalance indicates a vulnerable competitive position. This outcome can be common at an early stage of internationalization, as companies are still learning about their international markets. Similarly, prior research shows that at an early stage of internationalization, companies can see a decline in performance while they learn; then, further internationalization brings an upward performance (Contractor, Kundu, & Hsu, 2003). Nevertheless, this outcome implies that senior managers should realize that their company is in a position in which it is exposed to failures, or at least, to capturing only in part potential benefits from international markets.

During an intermediate stage of internationalization, when emerging market companies have direct sales in several or few host markets, senior managers can often find that their company has developed excessive capabilities to confront the needs of its international markets (i.e., point 3, Figure 4). A positive imbalance indicates an overqualified competitive position. This outcome often implies that senior managers should recognize that their company is ready to confront more demanding international markets. Alternatively, in some cases, this outcome can imply that excessive capabilities were deliberately developed to gain a market position in an already saturated market or to achieve a dominant market position. Otherwise, excessive capabilities are unnecessarily raising the breakeven point of international operations, affecting the likelihood of achieving a profit and a return on investment.

During an advanced stage of internationalization, when emerging market companies own full overseas operations in several host markets, senior managers can often find that their company either has achieved a balance between the needs of its international markets and its own capabilities (i.e., point 4, Figure 4) or has developed excessive capabilities (i.e., point 5, Figure 4). The outcome of a balance, indicates a focused competitive position. This outcome can imply that the company has learned through experience how to develop sufficient capabilities to confront the needs of its international markets. Nevertheless, a balance implies that senior managers continue to be attentive to ensuring the development of sufficient capabilities, to sustain a focused competitive position in international markets. In contrast, the outcome of excessive capabilities or a positive imbalance, indicates an overqualified competitive position. As in an intermediate stage of internationalization, in some cases, excessive capabilities can imply a deliberate choice to gain a market position in an already saturated market or to achieve a dominant market position. Otherwise, excessive capabilities are

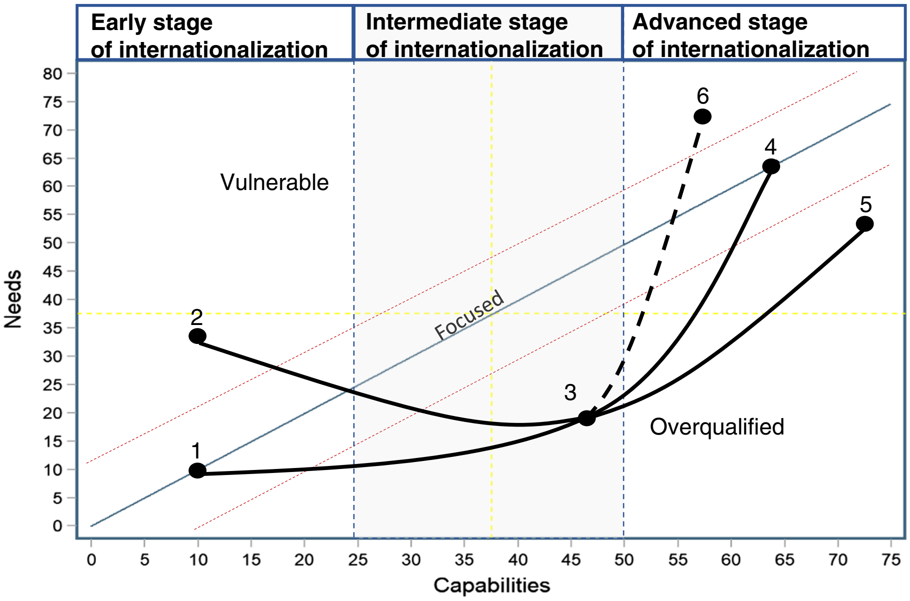


**FIGURE 4** Three stages of internationalization and potential outcomes [Color figure can be viewed at wileyonlinelibrary.com]

unnecessarily raising the breakeven point of international operations, affecting the likelihood of achieving a profit and a return on investment.

Differently, in few cases, during an advanced stage of internationalization, senior managers can find that their company has developed insufficient capabilities to confront the needs of its international markets (i.e., point 6, Figure 4). A negative imbalance, indicates a vulnerable competitive position. Our findings show that 14% of the senior managers in the sample obtained the outcome of a negative imbalance during an advanced stage of internationalization. As a word of caution, senior managers should be aware that this outcome can signify over-internationalization. When companies over-internationalize, the incremental costs of further internationalization are greater than the incremental benefits, and hence are detrimental to the company's overall performance (Contractor et al., 2003). Over-internationalization can occur mainly for two reasons. First, because beyond a certain point, after having expanded into the most lucrative international markets, a company is then left with minor or peripheral international markets with lower profit potential. Second, because beyond an optimum number of international markets, the growth of coordination and governance costs may exceed the benefits of further internationalization, due to the complexity of international operations (Contractor et al., 2003). An outcome that can signify over-internationalization, implies that senior managers should conduct a portfolio analysis of their international markets to decide whether they should de-internationalize from particular operations or international markets. Alternatively, in some cases, over-internationalization can be a deliberate choice for long-term strategy reasons (Contractor et al., 2003).

Finally, despite an emerging market company's stage of internationalization or the outcome of its assessment, we suggest that senior managers should constantly analyze where the gaps are between the needs of their international markets and their own company's capabilities. Next, senior managers should seek opportunities to improve their company's competitive position for internationalization by closing these gaps.

## 6 | CONCLUSION

Our findings indicate that senior managers in emerging markets often strive to ensure that their companies develop sufficient capabilities to confront the needs they encounter in international markets. We argue that using a structured approach to assess the needs of international markets against an emerging market company's capabilities, can enable senior managers in emerging markets to identify and improve their own company's competitive position for internationalization. Therefore, drawing on a structured approach, we offer an open access tool, which was developed as a *walking stick* (Hafsi & Thomas, 2005) for assessing the needs of international markets against an emerging market company's capabilities. Using this tool, senior managers in emerging markets can avoid leading their companies toward the extremes of a vulnerable or an overqualified competitive position. Rather, they can direct their efforts toward achieving a focused competitive position in international markets, providing better chances of successfully capturing potential benefits.

This open access tool can be particularly helpful to CEOs or VPs of International Business in emerging markets who are responsible for leading their companies throughout their internationalization process. Also, it can be useful to trade promotion associations, consultants, or coaches in emerging markets. This open access tool, is available at: https://goo.gl/3GJt5j


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# APPENDIX A

## A.1. DIMENSIONS AND ELEMENTS FOR ASSESSING THE NEEDS OF INTERNATIONAL MARKETS AGAINST AN EMERGING MARKET COMPANY'S CAPABILITIES

### A.1.1 | Section 1. Assessment of the needs of international markets

| | | | | | | |
|---|---|---|---|---|---|---|
| 1. Complexity of international strategy | | | | | | |
| 1.1 Scope of international activity | | | | | | |
| Few close countries, equal to or less than 3 | 1 | 2 | 3 | 4 | 5 | Many dispersed countries, equal to or more than 10 |
| 1.2 Cultural distance | | | | | | |
| Similar cultures/same language | 1 | 2 | 3 | 4 | 5 | Different cultures/language |
| 1.3 Type of international operations | | | | | | |
| Exports | 1 | 2 | 3 | 4 | 5 | Full overseas operations |
| 1.4 Desired growth of future international operations | | | | | | |
| Low | 1 | 2 | 3 | 4 | 5 | High |
| 1.5 Complexity expected in future international operations | | | | | | |
| Will stay the same or be less | 1 | 2 | 3 | 4 | 5 | Will be greater |
| 2. Complexity of international markets | | | | | | |
| 2.1 Intensity of competition | | | | | | |
| Low/local competitors | 1 | 2 | 3 | 4 | 5 | Intense/emerging-market and advanced-market multinationals |
| 2.2 Structure of channels | | | | | | |
| Simple (Distributors or wholesalers) | 1 | 2 | 3 | 4 | 5 | Complex (Proprietary sales force) |
| 2.3 Public visibility of your industry in the countries where your company operates | | | | | | |
| Low profile | 1 | 2 | 3 | 4 | 5 | Visible/followed by interest groups |
| 2.4 Dependence on the regional/global economy | | | | | | |
| Low, less impact | 1 | 2 | 3 | 4 | 5 | High, greater impact |
| 2.5 Level of regulation/licenses/permissions | | | | | | |
| Low, self-regulation | 1 | 2 | 3 | 4 | 5 | High and complex |
| 2.6 Dependence on government support/need to exert political influence | | | | | | |
| Low | 1 | 2 | 3 | 4 | 5 | High/sensible |
| 3. Volatility of international markets | | | | | | |
| 3.1 Precision of forecasts or budgets | | | | | | |
| High/there is low deviation | 1 | 2 | 3 | 4 | 5 | Low/there is high deviation |
| 3.2 Growth of international markets | | | | | | |
| Low and stable | 1 | 2 | 3 | 4 | 5 | High and changing |
| 3.3 Behavior of main competitors, suppliers, and partners | | | | | | |
| Predictable | 1 | 2 | 3 | 4 | 5 | Unpredictable |
| 3.4 Impact of exchange rates | | | | | | |
| Does not affect outcomes | 1 | 2 | 3 | 4 | 5 | Highly affects outcomes |
| 3.5 Volatility of operation factors (freights, tariffs, surtaxes, taxes) | | | | | | |
| Low/stable | 1 | 2 | 3 | 4 | 5 | High/unpredictable |

### A.1.2 | Section 2. Assessment of an emerging market company's capabilities

| | | | | | | |
|---|---|---|---|---|---|---|
| 4. The content of international strategy | | | | | | |
| 4.1 Your company has a defined, written, and shared international strategy (Board of Directors, CEO, senior managers, the company in general terms) | | | | | | |
| Disagree | 1 | 2 | 3 | 4 | 5 | Completely agree |
| 4.2 Your international strategy defines geographic scope, markets, and segments | | | | | | |
| Disagree | 1 | 2 | 3 | 4 | 5 | Completely agree |
| 4.3 Your international strategy defines guidelines for organic and inorganic international growth | | | | | | |
| Disagree | 1 | 2 | 3 | 4 | 5 | Completely agree |
| 5. Organizational structure | | | | | | |
| 5.1 Your organizational structure effectively supports your international strategy | | | | | | |
| Disagree | 1 | 2 | 3 | 4 | 5 | Completely agree |
| 5.2 A suitable and specialized international team exists | | | | | | |
| Disagree | 1 | 2 | 3 | 4 | 5 | Completely agree |
| 5.3 Support divisions have clearly defined responsibilities regarding their assistance to the international team | | | | | | |
| Disagree | 1 | 2 | 3 | 4 | 5 | Completely agree |
| 5.4 Clear policies exist for the international team (prices, commercial conditions, product specifications, approval authority) | | | | | | |
| Disagree | 1 | 2 | 3 | 4 | 5 | Completely agree |
| 5.5 The leader and its international team have self-direction capability/high level of autonomy | | | | | | |
| Disagree | 1 | 2 | 3 | 4 | 5 | Completely agree |
| 5.6 The leader and its international team have multicultural abilities and knowledge of the global environment or a global mindset | | | | | | |
| Disagree | 1 | 2 | 3 | 4 | 5 | Completely agree |
| 6. International supervision and monitoring | | | | | | |
| 6.1 International outcomes are separately measured | | | | | | |
| Disagree | 1 | 2 | 3 | 4 | 5 | Completely agree |
| 6.2 The CEO and Board of Directors regularly review international outcomes | | | | | | |
| Disagree | 1 | 2 | 3 | 4 | 5 | Completely agree |
| 6.3 The risks of your international strategy are identified and measured for mitigation purposes | | | | | | |
| Disagree | 1 | 2 | 3 | 4 | 5 | Completely agree |
| 6.4 Capital is appointed to organic and inorganic international activity | | | | | | |
| Disagree | 1 | 2 | 3 | 4 | 5 | Completely agree |
| 7. Maturity and sophistication of international activity | | | | | | |
| 7.1 The international experience of your company has achieved a high level of sophistication and maturity, manifested in the sharing of international knowledge to generate competitive advantage | | | | | | |
| Disagree | 1 | 2 | 3 | 4 | 5 | Completely agree |
| 7.2 The international management of your company is at the same level as that of your strongest competitors | | | | | | |
| Disagree | 1 | 2 | 3 | 4 | 5 | Completely agree |