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Capabilities and the internationalisation of smaller-sized, service-oriented firms in the southern hemisphere

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ABSTRACT

Underpinned by the threshold and dynamic capabilities perspectives as a sub-set of Resource-Based Theory, the objective of this study is to understand ways in which management teams build types of capabilities to facilitate their internationalisation activities. Thirty-one semi-structured interviews took place among smaller-sized, service-oriented internationalising firms located in three countries within the southern hemisphere: two emerging economies (Chile and Colombia) and one developed economy (New Zealand). The findings indicate that some management teams were able to develop threshold capabilities enabling them to operate outside their domestic market. In contrast, certain management teams appeared to possess dynamic capabilities, facilitating their evolving business models and sustainability. Particular capabilities allowed the respective firms, regardless of their national origin, to exhibit varying performance-enhancing internationalisation strategies. The study contributes to theory and practice in the domain of entrepreneurial marketing, offering new insights questioning whether certain capabilities are enough to sustain particular management teams' internationalisation behaviour.

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Dynamic Capabilities; internationalisation; services; SMEs; southern hemisphere; threshold Capabilities

Introduction

The objective of this current study is to understand ways in which management teams build types of capabilities to facilitate their internationalisation activities. This is both important and timely, since continuing studies suggest that a fundamental strategic decision for certain management teams involves the need to internationalise and various factors influence respective firms' speed, scale and scope of overseas market activities (Cavusgil & Knight, 2015; Ciravegna et al., 2018, 2019; Johanson & Vahlne, 1977; Martin et al., 2018; Oviatt & McDougall, 1994; Roberts, 1999). Management teams of particular firms are motivated to internationalise for a variety of both reactive and proactive reasons (Crick & Crick, 2016; Leonidou et al., 2007, 1998; Morgan, 1997). For example, despite the constraints of certain institutional conditions across countries, some management teams

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operate in small niche markets so need to rapidly exploit opportunities targeting customers overseas, including with support from network partners (Bell et al., 2004; Blank, 2014; Jones et al., 2011; Kahiya, 2020; Prashantham et al., 2019; Torkkeli et al., 2019).

A number of perceived or actual obstacles nevertheless exist and the development of capabilities affects a respective management team's ability to overcome barriers in order to exploit opportunities in overseas markets (Crick & Chaudhry, 2000; Kahiya, 2018; Leonidou, 1995; Morgan, 1997). Accordingly, in light of the existence of perceived or actual barriers, recognition exists of the likelihood of management teams experiencing increased levels of uncertainty and perceived risks when operating overseas, not least, related to operating in new institutional environments with different cultural and regulatory conditions (Cuervo-Cazurra et al., 2017; Liesch et al., 2011; Magnani & Zucchella, 2019). In fact, managerial perceptions may impact on the rigidity as opposed to agility in decision-making to capitalise on overseas opportunities (Tan et al., 2018). This is especially relevant, since irrespective of the markets firms operate in, many new and growing businesses fail or require a turnaround strategy for a variety of reasons (Blank, 2013; Everett & Watson, 1998; Osterwalder & Pigneur, 2010). For example, reasons include insufficient or ineffective managerial capabilities and/or planning, facing competitive markets, and lack of understanding or changes in firms' business models (Beaver & Jennings, 2001; Gassmann et al., 2014; Osterwalder & Pigneur, 2010; Ucbasaran et al., 2010). Terms like performance, success and competitiveness are sometimes used interchangeably in existing studies and measurement criteria vary (Katsikeas et al., 2016; Morgan et al., 2009; Vorhies & Morgan, 2005). Indeed, Spence and Crick (2006) suggest that measurement of performance relates to management teams' evolving objectives. However, in regards to the internationalisation activities under investigation in this current study, poor performance can result in closure of a firm or discontinuation of overseas activities on a temporary or more permanent basis, where pivoting of a business model may occur (Bell et al., 2003; Pauwels & Matthyssens, 2004; Welch & Wiedersheim-Paul, 1980; Yayla et al., 2018).

It therefore follows that building capabilities is central to firms' evolving business models to facilitate continued internationalisation activities, assuming this corresponds to management teams' objectives (as per Gassmann et al., 2014; Osterwalder & Pigneur, 2010). Management teams are likely to possess varying capabilities, such as experience and knowledge, that may extend across network relationships featuring in decision-making; not least, via intermediaries and the role of investors in certain firms (Autio et al., 2000; Crick et al., 2020; Freeman & Sandwell, 2008; Leppaaho et al., 2018; Katsikeas et al., 1997; Sapienza et al., 2006; Yli-Renko et al., 2002). Hence, a long-standing recognition exists of the importance of the management team towards internationalisation decision-making (Bell et al., 2004; Reuber & Fischer, 1997; Sraha et al., in press) and especially regarding their experience and commitment. The development of particular capabilities to facilitate internationalisation activities can occur through various mechanisms internal to a firm, such as, via learning (Dimitratos et al., 2014; Mattsson, 2000; Pellegrino & McNaughton, 2017). Alternatively, through external means like business advisors and overseas trade assistance (Chaudhry & Crick, 1998; Fischer & Reuber, 2003; Leonidou et al., 2011; Spence & Crick, 2001, 2004). In addressing the previously mentioned research objective, this current study links issues associated with both 'what' and 'how' capabilities are developed and whether these appear adequate to sustain internationalising firms.

In terms of 'what' performance enhancing capabilities are important, a body of literature exists on 'dynamic capabilities' (Al-Aali & Teece, 2014; Arndt, 2019; Arndt & Pierce, 2018; Teece, 2007, 2012, 2018; Eisenhardt & Martin, 2000; Peteraf et al., 2013; Teece et al., 1997; Zahra et al., 2006); however, earlier studies are notexclusively related to activities in overseas markets. Dynamic capabilities are *'the firm's ability to: integrate, build, and reconfigure internal and external competences to address rapidly-changing (dynamic) environments'* (Teece et al., 1997, p. 524). While in principle, it may appear incumbent on management teams to develop dynamic capabilities to help sustain and grow their businesses, the extent to which this occurs in practice warrants attention. Specifically, in contributing to existing knowledge, the notion of 'threshold capabilities' has received far less interest to date (Crick, 2015, in press; Johnson et al., 2014). These involve *'the capabilities needed for an organization to meet the necessary requirements to compete in a market and achieve parity with its competitors in that market'* (Johnson et al., 2014, p. 73). Existing research also uses terms like 'operational capabilities' and 'ordinary capabilities' in different circumstances so it is important to avoid confusion over what capabilities are being referred to, such as those associated with procedural routines (see Biesenthal et al., 2019; Crick, in press; Teece, 2014). It potentially follows that not all management teams within internationalising firms are able to develop sustainable competitive advantages (as per a dynamic capabilities perspective), but might still manage to compete, at least temporarily, in overseas markets (seemingly adopting threshold capabilities). Furthermore, respective management teams may build their particular capabilities in different ways to help explain why some appear to possess threshold rather than dynamic capabilities. Such considerations may lead to the ability of respectivedecision-makers to sense and seize opportunities together with reconfigure practices where necessary.

Context is nevertheless important in smaller-sized firm research (Jones & Rowley, 2011) and indeed offers a potential to contribute to studies involving internationalisation activities (Reuber et al., 2017). Much of the existing internationalisation literature focuses on businesses selling physical products as opposed to services, thus providing a relatively under-researched context in addition to the theoretical contribution regarding the development of capabilities addressed in this current investigation. In fact, this is somewhat surprising, since the internationalisation of services has been recognised as an important field of research for some time (Chadee & Mattsson, 1998; Clark et al., 1996; Coviello & Martin, 1999; Coviello & Munro, 1997; Erramilli, 1992; Javalgi & Martin, 2007; Mattsson, 2000; Samiee, 1999). That said however, literature continues to grow regarding the internationalisation of services, butarguably not to the same extent as physical goods (recent examples include Bunz et al., 2017; Crick & Lindsay, 2015; Turunen & Nummela, 2017). Existing studies involving the marketing of services (that includes overseas), indicates that they have four major elements in contrast to products: intangibility, perishability, heterogeneity and inseparability (see Lovelock et al., 1998 as an example from the services literature). In pragmatic terms, it is nonetheless possible to view products and services on a goods-service continuum (Shostack, 1977); consequently, many manufactured items feature a service element. Depending on the size of the service element in a firm's business model, the term 'service-intensive' or 'service-oriented' appears appropriate with an example being sub-sectors within the broad engineering and construction industries (Crick & Lindsay, 2015). The research boundary (as per Stake, 1995) of the current study involves smaller-sized, service-oriented firms located in three countries that have in common being located in the Pacific region, in the southern hemisphere, and are members of the OECD. To present a degree of variance within the research boundary, two of these countries are emerging economies in South America (Colombia and Chile) in comparison to New Zealand as a developed economy (in Oceania). Two research questions are addressed as follows:

RQ1: what capabilities do management teams in smaller-sized, service-oriented firms in the southern hemisphere develop to facilitate internationalisation strategies?

RQ2: how do management teams in smaller-sized, service-oriented firms in the southern hemisphere develop capabilities to facilitate internationalisation strategies?

In this way, the study first contributes to existing knowledge by providing new evidence that allows a deeper understanding of 'what' performance-enhancing capabilities are developed to influence the internationalisation behaviour of smaller-sized, service-oriented firms, namely, from both emerging and developed economy perspectives in the southern hemisphere; that is, given the different institutional conditions across countries. Specifically, unique insights are provided into certain management teams developing threshold capabilities that allowed them to operate in overseas markets. In contrast, other management teams appeared to develop dynamic capabilities in an attempt to facilitate a sustainable competitive advantage. Second, and on a related theme, additional insights are provided to illustrate 'how' the respective management teams developed their capabilities and not least with the assistance of particular network partners to enhance performance. Together, understanding these 'what' and 'how' issues contribute to knowledge by building on the current understanding of threshold capabilities as opposed to dynamic capabilities, whereby the latter feature more extensively in existing studies. Third, given the previously mentioned research boundary (as per Stake, 1995), the study provides contextual insights by focusing on internationalising smaller-sized, service-oriented firms; more specifically, in the southern hemisphere from emerging and developed economy perspectives.

Following this Introduction section, first, consideration takes place of the contextual background before second, the underpinning literature associated with this study is reviewed. Third, the methodology is explained, before fourth, findings are presented. Fifth a discussion of the results in respect of existing literature follows. Finally, conclusions, implications and areas for further research end this investigation.

Contextual background

Although exceptions exist (such as Brenes et al., 2019; Felzensztein, 2016; Felzensztein et al., 2015, 2019; Felzensztein & Fuerst, 2018; Lopez et al., 2009), the practices of smaller-sized, internationalising firms from emerging markets is relatively under-explored, particularly those from South America that feature as part of this current study. Not least, an under-explored context involves firms that engage in services-oriented businesses where examination in this current study involves managerial capability-building behaviour within such organisations from the southern hemisphere, namely, one advanced small economy and two emerging economies. In a broader sense, the services sector typically represents a large contribution of many national economies. For example, according to UNCTAD (2018a) boosting the domestic services sector by increasing its backward and forward linkages with the primary and the secondary sectors, as well as the expansion of global value chains and its relationship with trade, could be an effective element of an inclusive development strategy.

Furthermore, services can provide intermediate inputs to many economic activities (UNCTAD, 2018b). Moreover, the services sector can play an important role for achieving the 2030 Sustainable Development Goals (SDGs) (UNCTAD, 2018b). More broadly, services are now a major part of world trade and a large provider of current jobs in developed countries, such as New Zealand, and in emerging economies, such as Colombia and Chile. Countries such as these have already received various benefits from being part of trade agreements and exploiting traditional and evolving services to their advantage, including international trade in services (UNCTAD, 2018a). In 2017, services trade accounted for 51.1% of all world jobs (ILOSTAT, 2018). In Latin America and the Caribbean, the figure was higher with 64.4% overall; furthermore, 64.5% in Colombia, 67.6% in Chile and 73.1% in New Zealand (ILOSTAT, 2018). However, it is difficult to ascertain this sector's precise contribution to particular economies, including job creation (UNCTAD, 2018a).

There is some evidence that in South American economies with a higher level of development such as Colombia and Chile, a large number of management teams do not tend to sell to customers outside the Latin American region (Amorós et al., 2015; Felzensztein et al., 2015; Gonzalez-Perez et al., 2016; Gonzalez-Perez & Velez-Ocampo, 2014). Yet the same studies show that a fairly sizeable number (around 40% in certain investigations) are starting to orientate their respectivefirm's business model towards foreign markets. Therefore, for scalability, it is still necessary to increase the international scope of geographically diversified markets. In contrast, being a small geographically distant economy, certain management teams of New Zealand based firms are constrained by the small size of the domestic market with great pressure to internationalise (Battisti et al., 2014; Felzensztein et al., 2019; Kahiya, 2020). However, institutional differences between countries can hinder the international expansion of smaller-sized, under-resourced firms (Cuervo-Cazurra et al., 2017), which can be more pronounced when they are from an emerging economy (Brenes et al., 2019). It is now important to consider the underpinning literature regarding positioning of this current study, together with a focus on capabilities to help management teams overcome particular barriers to sense and seize opportunities.

Literature review

Positioning and theoretical lens

The current investigation is positioned in the domain of 'entrepreneurial marketing' (EM) that continues to receive interest within the broader strategic marketing literature (Crick & Crick, 2016; Crick et al., 2020; Mirvahedi & Morrish, 2017; Morrish et al., 2010; Nguyen et al., in press; Whalen et al., 2016; Yang & Gabrielsson, 2017). In terms of this positioning, no single definition of EM exists; however, Hills and Hultman (2011, p. 3) offer a perspective. EM is '*a spirit, an orientation as well as a process of passionately pursuing opportunities and launching and growing ventures that create perceived customer value through relationships by employing innovativeness, creativity, selling, market immersion, networking, and flexibility*'. Consequently, EM is viewed in terms of a mind-set that can exist within various sizes of organisations and is not restricted to small firms (Miles & Darroch, 2006); in fact, it is a mind-set appropriate for new and existing businesses.

Such a mind-set appears appropriate to facilitate capability-building activities within internationalising firms. Indeed, Whalen et al. (2016) suggest EM activities occur from decision-makers behaving under conditions of uncertainty; an issue typified by firms engaging in sales internationally, such as, facing different cultures and regulations. EM activities may vary in particular contexts. However, Morris et al. (2002) suggest seven facets of EM behaviour: a proactive orientation, opportunity-driven behaviours, customer intensity, innovation-focused behaviours, risk-management, resource leveraging behaviours and value creation. In respect of establishing 'what' capabilities management teams develop to support their respective firm's business model in this current study, a particular interest is to focus on relevant facets of EM behaviour in addition to understanding 'how' capability-building activities take place. One illustration that links the facets of EM behaviour (as per Morris et al., 2002) to the development of capabilities, involves research by Martin et al. (2018), who find aspects of resource leveraging behaviour in respect of a service provision to add value to customers, that in turn, enhances performance.

In respect of the theoretical lens employed in this current investigation, the notions of 'dynamic' and 'threshold' capabilities are in broad terms collectively a sub-set of Resource-Based Theory (as per Barney, 1991, 2018). The fundamental nature of Resource-Based Theory involves tangible assets (resources like equipment and finances) and intangible-assets (capabilities such as experience and knowledge) being utilised to enhance performance; for example, due to these being of value, rare, inimitable and non-substitutable. Debates have occurred regarding the nature of Resource-Based Theory in respect of the resources/capabilities-performance relationship. Issues include the impact of external factors such as competitive intensity and the need for strategic flexibility (Priem & Butler, 2001); also, the role of stakeholders (Barney, 2018), and not least, the quality of network partners consistent with a Relational View (Dyer & Singh, 1998; Dyer et al., 2018).

Resource-Based Theory suggests that for the most part, smaller-sized businesses have fewer opportunities to obtain a sustainable competitive advantage due to more limited resources and capabilities in comparison to larger firms (Barney, 1991; Westhead et al., 2001). As such, the previously mentioned work by Barney (2018) notes the potential role of stakeholders that may facilitate enhanced performance. Stakeholders can manifest in various capacities such as inter-firm collaboration (Felzensztein et al., 2019); that is, mutually beneficial sharing of resources and capabilities. Another example is the role of investors that can add resources and capabilities (Crick et al., 2020; Crick & Crick, 2018). However, the size of firm does not necessarily reflect management teams' objectives (Spence & Crick, 2006), since certain management teams may be 'lifestyle' as opposed to growth-oriented in respect of objectives. In fact, some smaller-sized firms may be relatively well-resourced via wealthy owners. Lifestyle-oriented entrepreneurs measure performance *'in terms of a continuing ability to perpetuate their chosen lifestyle'* (Dewhurst &

Horobin, 1998, p. 30). However, despite recognising wider debates within existing literature concerning the resources/capabilities-performance relationship associated with Resource-Based Theory, for clarity, this current study focuses only on broader capability building activities within internationalising smaller-sized, service-oriented firms that are growth-oriented.

Building capabilities to facilitate internationalisation

A potential exists for an inter-play between both micro and macro-level considerations to shape management teams' capability-enhancing activities. Within this current study, consideration initially took place of Australasian and Latin American studies given the geographic context of the empirical investigation (Amorós et al., 2015; Crick & Lindsay, 2015; Felzensztein, 2016; Felzensztein et al., 2015, 2019; Gonzalez-Perez et al., 2016). That is, before extending the search strategy to broader existing studies, given these may be undertaken within particular institutional environments (home and host countries). Nevertheless, there is increasing evidence of specific strategic capabilities and resources of emerging market firms, including those with enhanced resources such as multinationals; namely, which enable them to compete on similar terms with those from advanced economies (Cuervo-Cazurra et al., 2019; Cuervo-Cazurra & Newburry, 2016). There are also recent studies (Boehe, 2016; Gonzalez-Perez et al., 2018) that investigate how firms from emerging markets can internationalise despite the scarcity of significant resources and capabilities. Moreover, there is evidence from small, geographically distant markets like New Zealand regarding how management teams undertake internationalisation strategies to overcome potential barriers and the assistance available to them (Casey & Hamilton, 2014; Crick & Lindsay, 2015; Kahiya, 2018, 2020).

However, in the context of the services-oriented firms within this current investigation, recognition exists for some time in earlier research of sector specific considerations. Kravis et al. (1983) determined in their multi-country study that services are much less expensive in the relative price structure of a typical 'poor' country than in wealthier counterparts. Bhagwati (1984) provides a view to answer the question of why services are less expensive in poor countries and suggests focusing on comparative endowments rather than on comparative productivity differences among sectors across countries. More recently, as previously alluded to, Crick and Lindsay (2015) raise caution over the term 'services' given that the extent to which firms sell products and/or services is sometimes on a continuum, whereby there is often a service component in certain product offerings (like after sales service).

Considerations at the broad macro level need placing alongside factors involving individual action, strategic interaction and what is termed the 'micro-foundations' level (Abell et al., 2008). Such factors correspond to some degree with the facets of EM proposed by Morris et al. (2002) and feature in firms' business models (Gassmann et al., 2014; Osterwalder & Pigneur, 2010). Certain studies consider the role of personality and specific attributes of management teams like experience as key capabilities regarding internationalisation decision-making and factors affecting the process by which it takes place (Gonzalez-Perez et al., 2018; Ogasavara et al., 2016; Zhao et al., 2009). For example, whether a global mind-set exists (Nummela et al., 2004; Torkkeli et al., 2018). Nevertheless, how this mind-set towards internationalisation manifests in EM behaviour is important like the impact of social and human capital and whether management teams along with utilising network partners understand customers' needs and can add value (Crick et al., 2020).

Evolving business models may result from capabilities arising from experiential learning via incremental internationalisation as a risk management strategy; alternatively, capabilities may need to develop rapidly as management teams proactively leverage resources and exploit windows of opportunity (Bell et al., 2004, 2003). Various capabilities can arise like network relationships through to innovativeness that feature as important elements of strategies to facilitate internationalisation; in turn, having a positive impact on performance (Boehe, 2016; Dimitratos et al., 2014; Felzensztein et al., 2015; Knight & Kim, 2009). Aspects of EM behaviour like innovativeness allows SMEs to develop unique market offerings that exceed customers' expectations (Dimitratos et al., 2014). Studies like Bell et al. (2004) and Turunen and Nummela (2017) considered various issues such as, management teams' networks, their embeddedness and entrepreneurial capabilities, like language skills, global mind-set and cultural awareness. Martin et al. (2018) note the issue of service as a capability and find aspects of resource leveraging behaviour in respect of firms' service provision to add value to customers and in turn enhance performance. In short, a variety of capabilities that relate to EM behaviour are likely to exist among management teams that feature to some degree in their business models.

In addition to the micro-level benefit of building capabilities, at the macro level, certain support programs have associated benefits like enhancing a country's trade figures and maintaining trade relationships (Crick & Lindsay, 2015; Felzensztein et al., 2015; Felzensztein & Fuerst, 2018). Public initiatives, such as those supporting firms' internationalisation by specialised public agencies, promoting and facilitating outward-foreign direct investment (FDI), strengthening the financial access for SMEs, fostering international commerce by free trade agreements (FTA), and the liberalisation of economies, are common practices in modern emerging economies like those within certain Asian and Latin American countries (Aguilera et al., 2017; Felzensztein et al., 2015; Felzensztein & Fuerst, 2018); also, in small developed countries like New Zealand (Crick & Lindsay, 2015). Nevertheless, particular assistance can range from 'how to' type programs to help management teams with limited experience to build capabilities, through to more experiential support such as trade missions where more specialised capabilities are developed vis-à-vis product/service-market strategies (Crick, 1992; Leonidou et al., 2011; Spence & Crick, 2001). In summary, to address the previously mentioned objective and research questions associated with this current study, the review of the literature suggests the usefulness in focusing on facets of EM behaviour. The methods undertaken follow in the next section.

Methods

When commencing this investigation, no database of smaller-sized, service-oriented firms was known to exist in the countries under investigation. Earlier studies highlight that differences exist regarding practices across various sectors (Andersson, 2004; Bell et al., 2004), hence the importance of setting a research boundary (Stake, 1995). In this current study, over half of the Latin American firms interviewed belonged to the digital technology, information and communication services sectors (Table 1). In terms of customers, the

Table 1. Selected characteristics of firms.

		Chile		Colombia		New Zealand	
		n	%	n	%	n	%
Size of Firm (Employees)	Micro <10	6	60%	5	45%	2	20%
	Small (up to 50)	2	20%	3	27%	5	50%
	Medium < 200	2	20%	3	27%	3	30%
Service Category	Business Management and Administration	1	10%	0	0%	0	0%
	Production services	1	10%	1	9%	0	0%
	Information and Communication Services	6	60%	6	55%	8	80%
	Research or study services	0	0%	3	27%	1	10%
	Staff services	1	10%	0	0%	0	0%
	Sales services	0	0%	1	9%	0	0%
	Operating services	1	10%	0	0%	1	10%
Clients	Primary Resources or Manufacturing	1	10%	0	0%	0	0%
	Services or Retail	9	90%	11	100%	7	70%
	Government Sector	0	0%	0	0%	3	30%

majority had significant clients in retail; these typically being large organisations. Eight of the New Zealand firms also belonged to the digital technology, information and communication services sectors and 70% of their clients were also involved with services or retail, with the remainder (30%) in the government sector.

A similar data collection strategy was undertaken across countries featuring in this study, whereby the founding entrepreneursof firms exhibiting the characteristics under investigation were contacted. In the first instance,the researchers made use of publicly available information, such as exporting prize winners, industry associations, and similar in order to facilitate an initial group of interviewees. Data collection subsequently followed a snowballing approach whereby founding entrepreneurs offered referrals to other potential interviewees that allowed some variance in the data across countries due to issues like sub-sectors the firms operated within and their degrees of internationalisation. Data collection stopped after diseconomies in collecting new significant information occurred in respect of core issues under investigation related to the research objective. In total, 31 semi-structured interviews with founding entrepreneurs from countries within the southern hemisphere took place. Interviews lasted for an average duration of two hours each; that is, Colombia (11), Chile (10) and New Zealand (10). The interview guide was divided into three main categories to establish issues associated with developing capabilities in line with the underpinning theoretical lens at the micro and macro levels: firm characteristics, characteristics of the entrepreneur and issues associated with their internationalisation strategies. The word ‘issues’ is consistent with the terminology of Stake (1995). Secondary data was collected where possible to supplement the interviewee data among firms, but this was difficult in respect of firms’ internal documentation deemed confidential. However, the approach served the purpose of triangulation (see Farquhar et al., 2020) regarding convergence, complementarity and divergence among the data. Nevertheless, for clarity, it is specifically highlighted that this qualitative investigation does not claim to use ‘case study’ research in the normal sense of the term due to a lack of thick description of data from multiple perspectives (see Crick, in press; Welch et al., 2011).

Semi-structured interviews were transcribed and translated from Spanish into English in the cases of Colombian and Chilean firms and conducted in English in the case of New Zealand businesses. Fluent Spanish and English speakers formed part of the research team. Analysis was performed to derive key themes and understand pertinent 'issues' under investigation. Although the merits of using software packages to analyse qualitative data are recognised in earlier research (Sinkovics & Alfoldi, 2012), manual coding took place in this current study to get closer to the data. Crick (in press) outlines various procedural considerations for analysing data and in this current study, coding featured first order themes via practitioners' quotes, whereby second order themes emerged from those quotes and subsequently these were used to explain the aggregated themes which were the pre-defined research questions. This approach is somewhat consistent with a Gioia methodology (Gioia et al., 2013). This analytical approach appeared more useful than those using a word count or similar; that is, sometimes presented in studies utilising computer software. However, from the manual coding, it was considered useful to report certain frequencies of issues under investigation and consequently tables of selected data related to themes under investigation follow in the Findings section to illustrate a degree of representativeness. Efforts took place to maintain the credibility and trustworthiness of the data (Lincoln & Guba, 2000; Morrow, 2005; Sinkovics & Alfoldi, 2012), accounting for the context, narratives and personal engagement within the investigation. 'Particularization' was utilised whereby the researchers focused on key issues that featured as important arising from the manual coding. Specifically, because the capability developing activities varied among interviewees participating in this study and consequently it was important to arrive at conclusions that exhibited rigour and relevance. Furthermore, 'bracketing' using quotes was undertaken to reflect practitioner discourse.

There were relevant questions about the firm: its size in terms of employees and sales, service category, industry of its clients, year of establishment and year of internationalisation. In the second category, with regard to the founding entrepreneur as the core decision-maker within the management team, particular elements were evaluated. These involved age, education, experience in international business and languages spoken. Finally, in terms of the dynamics of internationalisation, consideration took place of the respective speed of internationalisation, firm's export volume (scale), number of countries reached, and which markets were served (regional or global scope). Lastly, following the underpinning theoretical issues associated with capabilities outlined earlier in this study, interviewees were asked questions in order to better understand capability development in their internationalisation activities including the support they received. Examples of the questions (as probing occurred where necessary) focused on: capabilities and how they developed from initial internationalisation through to subsequent internationalisation activities. Additionally, questions featured the facets of EM behaviour like the degree of innovation, aspects of business models including their customers and network partners, the competitive advantages they claim to have; also, the support they had for internationalisation to overcome the barriers they faced.

Findings

Selected demographics

Within this study's research boundary, the previously mentioned Table 1; also, Table 2, illustrate selected demographic characteristics of the firms featuring in this investigation. In particular, the tables demonstrate variance among the size, service categories and core

Table 2. Selected internationalisation process and market characteristics.

		Chile		Colombia		New Zealand	
		N°	%	N°	%	N°	%
Scale of Exports	<10%	5	50%	0	0%	3	30%
	10% and <50%	3	30%	7	64%	4	40%
	50% and 75%	1	10%	0	0%	1	10%
	>75%	1	10%	4	36%	2	20%
Speed of Internationalisation [Years taken from foundation]	1 year	2	20%	6	55%	2	20%
	> 1 and 3 years	5	50%	3	27%	4	40%
	> 3 years	3	30%	2	18%	4	40%
Scope: Number of Countries	1	3	30%	7	64%	0	0%
	> 1 and < 4	5	50%	2	18%	5	50%
	> 4	2	20%	2	18%	5	50%
Scope: International Markets	Latin America	9	90%	6	55%	1	10%
	U.S.A., Canada and Europe	4	40%	5	45%	7	70%
	Australia	0	0%	0	0%	8	80%
	Rest of World	1	10%	3	27%	6	60%

Table 3. Selected entrepreneurial characteristics.

		Chile		Colombia		New Zealand	
		n	%	n	%	n	%
Age	<30 years	3	30%	1	9%	0	0%
	>30 and <40 years	4	40%	6	55%	1	10%
	40 or over	3	30%	4	36%	9	90%
Education	Completed high school	0	0%	0	0%	1	10%
	Completed university	5	50%	1	9%	9	90%
	Post-graduate	5	50%	10	91%	0	0%
Experience in overseas markets	<2 years	3	30%	0	0%	0	0%
	>2 and < 7 years	6	60%	4	36%	2	20%
	7 or more	1	10%	7	64%	8	80%
Languages (excluding Spanish for firms in Chile and Colombia)	English	10	100%	10	91%	10	100%
	Other Languages	2	20%	3	27%	1	10%

clients (Table 1) and the speed, scale and scope of internationalisation (Table 2). Furthermore, in terms of entrepreneurs as the key members of management teams in this investigation, Table 3 outlines selected characteristics that illustrate issues such as age, education, international experience and linguistic ability. It is nonetheless important to note that while Table 3 makes reference to the characteristics of the key entrepreneur among participating firms, interviewees discussed the capabilities of their respective management teams; that is, vis-à-vis an ability to meet objectives related to internationalisation. To avoid repetition from data in the respective tables, two issues are worth summarising.

Capabilities and managerial objectives manifested in first, the under-resourced firms exhibiting an ability to internationalise at various rates, with some rapidly entering overseas markets and others taking a little longer. Second, varying degrees of internationalisation activities occurred in respect of their scale and scope of serving overseas markets. Consideration of capabilities follows in more depth later within this Findings section. For the time being, it is noteworthy that Tables 1–3 provide prima facie evidence that entrepreneurs as key decision-makers varied in respect of aspects of knowledge and experience. Furthermore, all of their particular firms were able to achieve threshold capabilities that allowed them to operate with at least a basic level of competitiveness, especially in regional markets. More interestingly in the context of this study's research objective, there was prima facie evidence to suggest certain firms possessed capabilities that enabled them to achieve a wider scale and scope of operations into more geographic distant markets.Consequently, it is important to consider capabilities in more detail.

Capabilities

In terms of 'what' capabilities were developed leading to degrees of perceived competitiveness, these to some extent align to certain facets of EM behaviour (as per Morris et al., 2002); however, differences are worthy of consideration. In terms of summarising key issues, Table 4 outlines interviewees' perceived competitive advantages, with certain entrepreneurs rating more than one factor as important (hence why the total of particular responses add to more than 100%). Table 5 illustrates the perceived importance of institutional factors, whereas Table 6 features market and industry related issues. Interviewees from both Chile and Colombia placed an emphasis on leveraging technical knowledge as a key asset regarding their services-oriented businesses together withrelated expertise to allow them to add value to current offerings to customers in overseas markets. Speed in response also featured in Colombian firms. Technical knowledge and expertise together with adding value were also somewhat important for interviewees in New Zealand firms. A more limited number were also proactive by introducing innovative business practices responding to needs within product-markets (the term 'product-markets' as academic discourse could equally be termed 'service-market' strategies in this current study). The capability of understanding customers' needs led to a risk reduction approach and an ability to target niche markets among half of the New Zealand firms, although certain peripheral market orders were somewhat serendipitous and based on word of mouth recommendations from network relationships (considered shortly).

However, Table 4 shows that knowledge in respect of customers was also important to many Colombian entrepreneurs whereby the vast majority stated that they had initially provided services exclusively to the local market to reduce risks and validate their product offering before internationalising. Nevertheless, all Colombian entrepreneurs emphasised that

Table 4. Perceived Competitive Advantages Based on Capabilities.

	Frequency	Chile
Competitive advantages	**7 (70%)**	Technical knowledge and expertise
	9 (90%)	Have added value that responds to the needs of clients
	Frequency	Colombia
Competitive advantages	**11 (100%)**	Technical knowledge and expertise
	7 (64%)	Speedy response to the needs of consumers
	9 (82%)	Have added value that responds to the needs of clients
	Frequency	New Zealand
Competitive advantages	**4 (40%)**	Technical knowledge and expertise
	5 (50%)	Have added value that responds to the needs of clients
	2 (20%)	Innovative business practices

Table 5. Selected institutional issues.

	Frequency		Frequency	Examples
Chile				
Networks	6 (60%)	Cooperation to enter local markets	2 (20%)	Wayra
	6 (60%)	Support from local institutional networks	1 (10%)	YPO.org and Endeavor
	3 (30%)	Most important networks are their own clients, or they establish networks themselves		
Support	6 (60%)	Most important support was from the government	4 (40%)	CORFO (seed money)
			3 (30%)	ProChile (Contact Chile)
	4 (40%)	Those that did not accept networks internationalised through large firms that requested their services abroad		
Colombia				
Networks	10 (91%)	Referrals from their own clients as the main support network	4 (36%)	Word of mouth
Support	5 (45%)	Agencies that promote exports have been their main institution of support	5 (45%)	Proexport
			2 (18%)	Ruta N
New Zealand				
Networks	3 (70%)	Support from local institutional networks	3 (30%)	NZTE
			7 (70%)	Industry events
	7 (70%)	Most important networks are their own clients, or they establish the networks themselves along the way		
Support	9 (90%)	Most important support was from the government and related organisations	2 (20%)	WREDA
			7 (70%)	NZTEand MFAT
			1 (10%)	Callaghan

Table 6. Selected market and industry issues.

	Frequency	
Chile		
Internationalisation	6 (60%)	Demand-driven services
	10 (100%)	Use of referral marketing
	6 (60%)	Circumstantial opportunities
	8 (80%)	Market diversification
Industry	6 (60%)	High local demand for specific services
	Frequency	
Colombia		
Internationalisation	11 (100%)	Focused on a niche in a specific market
	10 (91%)	Used referral marketing
	7 (64%)	Local clients operating in other countries
Industry	5 (45%)	Saturated local market
	6 (55%)	High local demand for specific services
	Frequency	
New Zealand		
Internationalisation	4 (40%)	Focused on a niche in a specific market
	2 (20%)	Used referral marketing
	3 (30%)	Circumstantial opportunities
	1 (10%)	Market diversification
Industry	7 (70%)	High local demand for specific services
	2 (20%)	Saturated local market

they specialised in a niche market and in certain instances, domestic clients hiring the respective interviewees' services in their (clients') overseas operations were influential in respect of internationalisation. Hence, these interviewees had developed certain capabilities regarding knowing their customers and developed relationships over time. Product-market knowledge also led to referrals within social networks to facilitate their internationalisation strategy. Such relationships manifested in an issue mentioned earlier, namely, the speed of response to clients identified by about two thirds of Colombian firms as a competitive advantage.

A key variance in the interview data arose from the Chilean entrepreneurs. Although referrals took place to facilitate internationalisation based on interviewees' capabilities in developing network relationships, many also stated in practitioner discourse that opportunities arose from circumstantial or serendipitous orders. Nevertheless, it was debatable whether these were truly serendipitous in nature or rather the entrepreneurs had made their own luck via the capability of developing network relationships (to some extent a similar argument could be made for the New Zealand firms that mentioned serendipitous orders). Even so, these opportunities led to the ability of the particular entrepreneurs across respective firms to diversify their product-market strategies.

As Table 5 suggests, 6 interviewees from Chile recognised the help of the government in building capabilities from organisations such as Corfo and ProChile and this was higher for similar organisations among New Zealand interviewees. In contrast, responses from Colombian interviewees rated the need for government support in developing capabilities lower. In the case of Colombian and New Zealand interviewees, no single barrier to internationalisation stood out and for the most part capabilities had been developed via experience to address concerns. However, among Chilean interviewees, perceptions of cultural differences stood out as the main barrier (like the language spoken in the foreign countries, and how they do business) and that helped explain the importance for some of those seeking government assistance to help build capabilities.

Of the 10 participants in Chile, 6 stated that they have support from local networks. As an illustration, one interviewee highlighted the importance that assistancelike viaWayra, had in this process; not only because of the networks they create, but also the physical spaces they provide for firms to work in different countries. *'They are very important. We received investment from Wayra, an accelerator present in 13 countries. We have used all of Wayra's offices in Mexico, Colombia, Argentina and Brazil. We have received support from local managers, for example, we can use Wayra's office in Colombia. There is a person there … '*

In the case of well-known government institutions such as Corfo and ProChile, opinions among Chilean interviewees varied. When illustrating the importance of financing to allow resources to build capabilities like experience, one interviewee stated: *'Corfo has given us two lines of financing. Corfo is great (…) they have been vital. If you add up the funds, this is probably 150 million pesos, or around 300,000 dollars. If you think about it, this is about half of what we have raised, so it has been really important. And it is a subsidy. I don't have to return the money to Corfo'*, The same interviewee proceeded to mention the major perceived difference between Corfo and ProChile. That is, Corfo provides the tools to start operating through different competitive funds, such as the seed money scheme, whereas ProChile offers key tools to learn about the internationalisation process through its programmes, such as collaborative coaching. Another interviewee stated *'what happens is that Corfo helps all firms equally, SMEs or whoever, those that export or do not export. On the other hand, ProChile, which depends on the Ministry of Foreign Affairs, help is aimed at getting out into the world'*. Nevertheless, certain criticisms existed of government support in helping to build capabilities. One interviewee mentioned that *'I don't think* *there is a process. There should be a guideline, and Chile wants to become a hub for exporting services and products. There should be a how-to-do-business guide, but there isn't'.*

Those Chilean entrepreneurs not receiving government support had networks with large firms, as these interviewees were not thinking about internationalisation and only did so because large firms asked them to provide their services abroad. An example of this involved a firm that provides architectural services, whose interviewee stated: *'we work with international brands, and they have international definitions. Therefore, what they do here, they do in other countries. It is almost "copy and paste". Currently, for example, we are setting up an (name with-held) store in Dubai, in Sao Paolo and in Chile, and everything is the same. It is the same shop. The parameters are the same'.*

Of the 11 participants from Colombia, 10 highlighted that they have the support of referrals from their own clients, and hence such networking capabilities were important. This is illustrated by one interviewee in health services who said: *'the main mechanism to attract private clients is word of mouth. Patients come because they were recommended by other satisfied patients'*. Wider networks were also important as mentioned by a different interviewee who said *'networking with the health group of the Chamber of Commerce helped us to realise that we had advantages to compete internationally'*. A different interviewee stated their firm did not receive any kind of support at the beginning until they won an entrepreneurship prize and members of their network realised the importance of this. A further interviewee stated the importance of network relationships with large organisations: '*it was the high-level referral networks and word of mouth from the big banks that have given us clients. The networks developed from reputation for good work.'*

Turning to New Zealand firms, a combination of proactively developing capabilities from experience together with utilising support from institutions such as government was important. This allowed management teams to facilitate a customer oriented internationalisation strategy where knowledge of their needs allowed value to be added in pursuing opportunities overseas. As one interviewee stated: *'Get on the plane; people ignore you otherwise. Specially those cultures that are all about saving face. They won't tell you by email but when you turn up they will.'* As the CEO of a web development firm stated: *'If we can get in front of a conference we can get in front of prospective clients in one hit.'* In 9 out of the 10 firms, government agencies such as New Zealand Trade and Enterprise (NZTE) were helpful in providing a starting point for the development of these networks, as the CEO of a cyber-security firm stated *'everyone knows someone who knows someone'*. The interviewee from a consulting firm recalled how trade support helped them develop their market in the Middle East: *'We were invited to go to the Middle East by NZTE and MFAT (Ministry of Foreign Affairs and Trade). That trade trip led to us developing a government IP commercialisation model with governments in the Middle East'*. Local organisations like the Wellington Regional Economic Development Agency (WREDA) were also used to a lesser degree for support, primarily in the early stages of internationalisation. The CEO of one firm illustrated their usefulness at an early stage of internationalisation to build basic knowledge: *'WREDA were initially helpful to learn the ropes'.*

In particular, access to government funding was seen as a great incentive to increase exports and build higher level capabilities due to the way the assistance was provided, requiring firms to develop specific capabilities in order to pass a certain threshold on their own before they qualify for grants. The CEO of a cybersecurity firm recalled: *'When we got to a certain size we became of interest for NZTE because NZTE doesn't want to be seen as over* *promoting, so you need to prove yourself through scale and size'*. The CEO of a cloud-based firm underscored the importance of receiving these grants in relation to being able to export and develop scalability. *'Export grants have been invaluable … without them five of our staff wouldn't be employed and a third of staff are employed because we are able to export. The grants have helped us to consolidate, focus, get the right processes in place in order to scale. They've been instrumental to allowing us to grow*.' In short, various issues and not least related to networks helped certain management teams to move from possessing simply threshold capabilities to those of a higher level, more closely resembling dynamic capabilities; for example, using factors like perceived competitiveness and scalability as criteria.

A further thought regarding threshold and dynamic capabilities

Despite the earlier broader considerations regarding 'what' capabilities were developed and 'how' they were developed, the interviewees provided considerations in respect of the nature of those capabilities in maintaining, if not enhancing, competiveness in overseas markets. It is worth repeating for clarity that a basic level of competitiveness was perceived by all interviewees suggesting they possessed threshold capabilities; however, some firms' enduring nature was more questionable. In the case of Chilean interviewees, all stated that their main tools included referral marketing and hence the degree to which they were proactive in seeking scalable opportunities was debatable. For example, one mentioned internationalisation was thanks to their own clients: *'these clients have operators or suppliers that help them with their processes in Chile, when they arrive to other countries, they feel more comfortable continuing to work with the same firms'*. Limited domestic demand and the need for diversification was also a key factor mentioned by 8 firms and one interviewee explained. *'We made the decision to internationalise the firm basically because in our country there is no demand for what we do (…) the experience we have is that Latin American countries have a lazy attitude towards paying on time, I mean, they are not proactive, they are reactive'*. Moreover, 6 interviewees stated that their internationalisation process was influenced by circumstantial/serendipitous issues. As such, the nature of the capabilities having potential to sustain certain businesses was questionable.

In the case of the internationalisation activities of firms in Colombia, the limited domestic market was recognised and all interviewees stated that their respective strategy was initially aimed at targeting a specific niche market based on limited capabilities. That is, they specialised in a market that they knew did not necessarily have high demand, but offered potential to lead to opportunities in other markets. One interviewee reflected on strategies and stated: *'due to its recognised technical and medical abilities, the firm felt confident in becoming visible as a healthcare provider to foreigners. There are few local competitors, and the demand for diagnostic services is growing.'* Furthermore, about two thirds of interviewees stated that their internationalisation process commenced due to institutional considerations and local clients operating in other countries. One interviewee noted that: *'in Colombia there are more and more limitations in the subsidised health system (financed by the government), and healthcare providers are taking up to 120 days to pay their creditors. This has led healthcare firms to seek alternatives in finding prepaid medicine clients as well as private and foreign clients who pay faster, which allows cash flow to maintain* *business operations'*. Nevertheless, consistent with certain Chilean firms mentioned earlier, the extent to which particular Colombian management teams had developed dynamic as opposed to threshold capabilities was debatable.

The primary reasons for internationalisation mentioned by interviewees in New Zealand included the physical remoteness of the country and the constraints of a small domestic market. These made it necessary to attempt to build capabilities to facilitate internationalisation (drawing on EM issues like proactiveness, innovativeness, etc.) to survive and then grow via an evolving business model. This often started by concentrating on a market and evolving strategies based on learning. As the CEO of a web development firm stated: *'you need the scale of Australia to make things viable, and then beyond that'*. The size of the New Zealand market was an especially important reason to internationalise, with one CEO from a cybersecurity firm reporting that only 0.5% of sales are domestic. However, other EM issues affected behaviour like the risks involved in exporting meant that over two thirds of the interviewees recognised the importance of building capabilities to sense and seize opportunities, such as, adding value to customers via their services. A potential dynamic capability featured the broadly termed issue of 'agility' ('flexibility'). An illustration from one interviewee involved stating they: *'have to be a jack of all trades because it's a small market*', proceeding to add that *'you have to be agile'*. Once one market was entered, referral marketing was used by about a fifth of firms, with one interviewee mentioning *'after earning one contract in the region we were able to access others through word of mouth. '*Almost a third of firmstook advantage of serendipitous opportunities to internationalise and develop capabilities based on experiential learning, while a tenth of interviewees sought to diversify their markets, in most cases pivoting from failed earlier attempts to internationalise. In short, varying evidence of building higher level capabilities closer to those of a dynamic nature was evident among the New Zealand interviewees.

Discussion, conclusions, implications and further research

Discussion

In contributing to knowledge involving the domain of EM, the objective of this current study guided by a capabilities lens as a sub-set of Resource-Based Theory, involved understanding ways in which management teams build types of capabilities to facilitate their internationalisation activities. This investigation therefore links issues associated with both 'what' and 'how' capabilities are developed. In respect of unique insights into 'what' capabilities were developed, it is worth reconsidering the broad categorisations drawn from prior research. First, dynamic capabilities involve *'the firm's ability to: integrate, build, and reconfigure internal and external competences to address rapidly-changing (dynamic) environments'* (Teece et al., 1997, p. 524). Given the potential importance of dynamic capabilities within firms' evolving business models (Gassmann et al., 2014; Osterwalder & Pigneur, 2010), it is not surprising that an existing body of knowledge exists although not exclusively involving internationalised business models (Arndt, 2019; Teece, 2018; Eisenhardt & Martin, 2000; Teece et al., 1997; Zahra et al., 2006). In contrast, this current study specifically contributes to the notion of 'threshold capabilities' namely, a topic that is relatively under-researched (Crick, in press; Johnson et al., 2014). These involve *'the capabilities needed for an organization to meet the necessary requirements to compete in a market and achieve parity with its competitors in that market'* (Johnson et al., 2014, p. 73). This current study made reference to the work of Morris et al. (2002) who suggest seven facets that provide an EM focus towards how types of behaviour may shape the way management teams develop capabilities; for example, within evolving internationalised business models. Specifically, these seven facets involve: a proactive orientation, opportunity-driven behaviours, customer intensity, innovation-focused behaviours, risk-management, resource leveraging behaviours and value creation. Two research questions were advanced earlier in this study that are now revisited.

Regarding RQ1 that features 'what' capabilities were developed, the first contribution arising from this investigation is to illustrate that some management teams potentially only develop capabilities that may be termed 'threshold' as opposed to 'dynamic' in nature. In other words, they achieved the necessary threshold requirements to compete, at least temporarily, in targeted overseas markets and achieve perceived competitive parity. However, whether these capabilities were dynamic enough to sustain those particular businesses in the context of rapidly-changing (dynamic) environments typified by overseas markets is more questionable. Much of the existing literature suggests a forward moving internationalisation process whether this is incrementally or rapid (Cavusgil & Knight, 2015; Johanson & Vahlne, 1977; Oviatt & McDougall, 1994). Implicitly rather than explicitly, certain earlier studies suggest management teams build dynamic capabilities to sustain a forward moving internationalisation process and not least via learning in opportunity sensing and seizing behaviour.

In contrast, other studies consider de-internationalisation or episodic practices, namely, going in and out of overseas markets (Bell et al., 2003; Pauwels & Matthyssens, 2004; Yayla et al., 2018). In fact, certain studies provide illustrations of unplanned or serendipitous opportunity exploration and exploitation activities although not always within international markets (Crick & Crick, 2014; Mirvahedi & Morrish, 2017; Spence & Crick, 2006). However, although terms like 'performance', 'success' and 'competitiveness' have different measurement criteria across existing studies (Katsikeas et al., 2016; Morgan et al., 2009; Vorhies & Morgan, 2005), as Spence and Crick (2006) point out, performance should be measured in respect of management teams' evolving objectives. Indeed, Welch and Wiedersheim-Paul (1980) note that withdrawal from overseas markets is not necessarily a market failure, since this depends on a respective decision-maker's objectives.It follows from the results of this current study that assuming decision-makers exhibit growth-oriented goals, it may be relatively easy to develop certain threshold capabilities (as per the definition of Johnson et al., 2014) to facilitate a basic level of internationalisation. However, converting these threshold capabilities to dynamic capabilities (as per Teece et al., 1997) may be far more difficult in order to either sustain or even grow international activities. In fact, the results suggest that certain management teams may be somewhat reactive and do not proactively attempt to develop dynamic capabilities; for example, relying on referrals and not fully utilising network partners.

Turning to RQ2 that considers 'how' capabilities were developed, seminal research involving a stages approach suggests learning at the micro or firm-level to support increasing overseas activities and not least moving from markets viewed as having a close psychic distance to those more distant (Johanson & Vahlne, 1977). More recent work on rapidly internationalising firms challenges the notion of certain management teams learning incrementally and suggests they need to exploit windows of opportunity across markets (Cavusgil & Knight, 2015; Oviatt & McDougall, 1994). That said however, existing research finds illustrations of both incrementally and rapidly internationalising firms (Bell et al., 2004). In terms of broader issues relating to under-resourced firms, network relationships like government assistance and investor support can enhance capabilities (Bell et al., 2004; Fischer & Reuber, 2003; Leonidou et al., 2011). The findings in the current study suggest that a variety of both planned and unplanned issues influenced firms' international opportunity exploration and exploitation strategies (as per Crick & Crick, 2014; Mirvahedi & Morrish, 2017; Spence & Crick, 2006), consequently providing unique insights into 'how' capabilities were developed like through the associated experience and learning.

In respect of those management teams with largely unplanned strategies (like responding to seemingly serendipitous orders, such as those facilitated via word of mouth), thesehad arguably developed certain threshold capabilities. Otherwise, without those particular threshold capabilities to facilitate competitiveness, a question arises about why would their services be recommended by customers and other network partners? For example, existing customers had recognised certain value adding capabilities to facilitate their recommendations. However, among those same firms whose internationalisation strategies were largely unplanned, dynamic capabilities of a sustainable nature to facilitate enduring activities were less evident. A key example among particular firms involved recommendations by network partners within regional markets as opposed to growth into countries further away to aid scalability. In terms of facets of EM behaviour (as per Morris et al., 2002), this translated to a certain degree into being proactive and responsive to opportunity-driven behaviours; also, being able to undertake risk-management and resource leveraging behaviours. Nevertheless, in respect of other aspects of EM behaviour, to some extent there is prima facie evidence to suggest these same management teams had a more limited customer intensity and their value creation activities were questionable except, importantly, within regional markets. To be fair, some added value was evident to facilitate customer recommendations, but the extent of such recommendations was less clear in terms of how often this took place and to how many new customers. This raised questions about the sustainable nature of their business models. Finally, in terms of the seventh facet of EM behaviour, innovation-focused behaviour was somewhat debatable. Specifically, among these firms, technical expertise as a capability in respect of knowledge to undertake services activities was clear. Capabilities regarding innovative strategies outside of technical expertise were less evident like strategic agility/flexibility to evolve business models (as per Gassmann et al., 2014; Osterwalder & Pigneur, 2010) based on learning and utilising network partners to facilitate enduring and 'scalable' internationalisation activities outside of regional markets.

Turning to those firms where planning was more evident, capabilities were developed that suggested greater evidence of a dynamic as opposed to threshold nature. Management teams had a strong vision of expansion beyond national borders, regardless of the potential liabilities of being foreign. They also had a clear perception of the opportunities to compete and grow in international markets. This allowed them, regardless of their national origin, to design and implement an evolving business model to support their growth-oriented internationalisation strategy (as per Gassmann et al., 2014;

Osterwalder & Pigneur, 2010). For example, capabilities enabled management teams to respond to perceived opportunities, supported by their learning and network relationships, including government assistance. A prime example was that these firms more actively participated in highly competitive markets in regions with perceived potential (like Colombian firms in the US) and with substantial cultural differences (for instance, New Zealand firms exporting to Saudi Arabia and the African continent). In short, these management teams shared a vision believing they can successfully compete across a variety of markets. Additionally, capabilities developed via learning and the use of network relationships seemed pertinent to facilitate this internationalisation behaviour, as supported by earlier literature (Bell et al., 2004; Felzensztein et al., 2015; Leppaaho et al., 2018). The following conclusions arise from this current study.

Conclusions

First, it is concluded that the measurement criteria of 'competitiveness' is important within EM and broader strategic marketing studies addressing internationalisation activities, since management teams may have developed threshold capabilities that allows them to reach parity with rivals; however, whether that competitiveness is sustainable in a temporal sense with the absence of dynamic capabilities is more debatable. As such, recognising 'what' capabilities management teams develop is important to understand their potential for facilitating enduring EM activities. Second, it is concluded that EM research investigating 'how' management teams develop capabilities is important in further understanding their potential for sustainability. For example, studies that investigate planned as opposed to unplanned strategies (also using terms like 'luck' and 'serendipity) should recognise that to some extent certain management teams make their own luck. In other words, how they develop capabilities can affect their potential in facilitating enduring EM behaviour. An illustration being that some management teams develop network relationships as part of their business models that lead to opportunities including referrals.

Third, it is concluded that particular management teams within smaller-sized, service-oriented firms only focus on utilising particular (rather than all) facets of EM behaviour advocated by Morris et al. (2002). More importantly is that the extent this varying EM behaviour supports the development of capabilities necessary to allow a firm to survive and grow is debatable. In one sense, management teams typically possessed technical expertise in terms of innovation capabilities within their service-oriented offering to customers. In contrast, there was less evidence of certain management teams having innovative capabilities in being able to evolve aspects of their business models, such as, having a limited customer intensity and being unable or unwilling to add value outside of regional markets. These conclusions lead to recommendations that follow.

Recommendations

It is long since established that many firms fail for a variety of reasons (Blank, 2013; Everett & Watson, 1998) and in seeking opportunities internationally, face a number of perceived or actual problems (Kahiya, 2018) and associated risks (Liesch et al., 2011). Consequently, first, management teams that rely on the development of threshold capabilities may not possess the ability to remain sustainable in markets they target or be able to further develop their internationalisation activities. It is therefore recommended that where practical, management teams seek to convert these threshold capabilities into dynamic capabilities via learning and where applicable through appropriate network relationships like support organisations. Second, although planning has an important role to facilitate internationalisation activities, it is recommended that management teams fully engage in EM behaviour to, in effect, help make their own luck. By way of illustration, information gathering to understand customers' needs and efforts to add value are important considerations within firms' business models, leading to opportunities that include referrals. What may appear at first glance as 'serendipitous' opportunities, are in reality, sometimes developed by EM activities like being customer intensive and leveraging resources through networking.

Developing network relationships that include government assistance providers may open further doors involving opportunities for management teams. Nevertheless, possessing the capabilities to evolve business models and walk through those doors of opportunity is also important for management teams. In other words, being agile/flexible and able to sense and seize opportunities together with reconfiguring practices where necessary are important considerations. Such opportunities may be constrained by institutional environments where, for example, the availability of trade assistance may vary; hence, it is incumbent on management teams to be proactive in seeking viable network partners. Third, and linked with the prior points, it is recommended that management teams within smaller-sized, service-oriented firms consider utilising all and not just some of the facets of EM behaviour advocated by Morris et al. (2002). For example, technical expertise in terms of innovation capabilities will only get management teams so far. It is incumbent on management teams to consider a variety of EM behavioural issues to enable them to develop the dynamic capabilities to form part of evolving business models. As Morrish et al. (2010) highlight in regards to being customer-centric, it is important to understand customers' needs and ways to add value.

Limitations and future research

Despite the previously mentioned contributions with associated conclusions and recommendations, the findings in this current investigation are based on a relatively limited sample of smaller-sized, service-oriented firms in three countries located in the southern hemisphere. Moreover, selection was via a snowballing research design. It follows that generalisability was not a feature of this current investigation and future research should consider other countries and sectors with increased sample sizes to allow generalisability. In doing so, such a project would need to control for cross-national institutional factors that may influence the results. Conversely, a further opportunity arises for a thicker description of in-depth qualitative data to provide case studies that did not feature in this current study. In particular, a longitudinal research design (subject to facilitating access to data over a reasonable time period) could establish in greater depth what capabilities management teams develop, how this process is undertaken, plus what impact occurs on international performance.

As such, a key focus offering future research potential arising from the results of this current study involves the influence of both micro and macro issues that enable management teams to develop dynamic as opposed to simply threshold capabilities over time.

Examples include consideration of the role of specific network partners in further detail in future studies as these are likely to vary based on the different institutional conditions across countries. This will allow policy makers to more effectively address the needs of management teams within internationalising firms and hence facilitate a more effective public/private sector interaction. In fact, another key issue for future research involves utilising different theoretical lenses, such as, an institutional perspective. Alternatively, how capabilities influence decision-making may feature as important and hence an effectuation/causation perspective may be interesting, not least, as the current study recognised opportunities arising via seemingly serendipitous ways in addition to planned strategies. In short, avenues exist to take this study forward offering impactful research to enhance the EM domain within the broader body of knowledge relating to strategic marketing.

Disclosure statement

No potential conflict of interest was reported by the author(s).

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