Chapter 18

Challenges of the Internationalization Strategy of a Technology-Based International New Venture

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ABSTRACT

The present study seeks to analyze the behavior of a technological start-up regarding its entry modes in foreign markets. It is based on the case study of a company in the field of 3D printing and takes into account the analysis of topics such as the internationalization of start-ups and modes of entry in foreign markets, considering several theories of internationalization. As the company analyzed is a start-up, the research is supported by the analysis of the characteristics present in the process of internationalization of small and medium-sized enterprises (SMEs). The study closes with the conclusion that this SME matches the profile of an International New Venture/Born Global (INV/BG), although the company takes advantage of the network-based theory and relationship orientation to enter international markets. The most used mode of entry by the company in international markets has been exporting activities.

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INTRODUCTION

Internationalization is very important for SMEs, especially for technology-based ones seeking new markets to exploit their competitive advantages (Stanisauskaite & Kock, 2016). Internationalization has been traditionally analyzed from an incremental perspective as SMEs tend to be gradually involved in international markets through a series of evolutionary stages (Bell, McNaughton, & Young, 2001; Ribau, Moreira, & Raposo, 2015).

In a new reality, marked by the globalization of markets and technological innovation, the emergence of internationalized, more agile and flexible companies, are based on behaviors that go beyond those analyzed in the traditional internationalization models. With the pervasive effect of the globalization process, the internationalization of stat-ups has increased steadily and research has stressed the importance of the concept of INVs, as well as the need to understand the factors that influence the success of such companies (Oviatt & McDougall, 1994; Tanev, 2012). INVs represent a growing and important type of start-up. They are defined as business organizations that, from inception, seek to derive significant competitive advantage from the use of resources and the sale of outputs in multiple countries (Oviatt & McDougall, 1994; McDougall, Shane, & Oviatt, 1994).

Research conducted regarding rapid internationalization and INVs highlight the way companies start and grow by meeting customers’ and international markets’ needs (Oviatt & McDougall, 1999; Cavusgil & Knight, 2009). The literature provides clear evidence of rapid and dedicated internationalization of INVs and BGs (Bell et al., 2001), by adopting a global approach since their inception or up to their first three years (Danik & Kowalik, 2015). However, the literature on INVs is still scant (Ribau, Moreira, & Raposo, 2018a).

Based on the case study of a singular company in the field of 3D printing – for confidentiality reasons hereafter known as OMEGA – this chapter seeks to analyze the behavior of a technological start-up in what concerns to its process and mode of internationalization. It considers the theories of internationalization, as is the case of the traditional Uppsala model, network-based theory, relationship orientation and INVs, in order to understand the characteristics that define the type of company under study. Although this technology-based company, focused on 3D printing, has a strong technology orientation, it can be seen that the modes of entry in international markets have limited its external growth.

The analysis of this case study aims at exploring the behavior of this technology-based start-up, namely of the following typologies/theories: INVs/BGs; Uppsala model; network theory and relationship orientation, in what concerns its internationalization process. For that purpose, a qualitative methodology shall be applied, based on structured interviews as the method of primary data collection. The main contribution of this chapter stems from dealing with a real case situation of a technology-based firm that has internal competencies and seeks to internationalize its activities. As such, several internationalization theories are discussed on how properly they fit the internationalization process of the firm.

The rest of the chapter is structured as follows: the first section covers the literature review of the main types of firms that fall in the internationalization theories and modes of entry. The second section addresses recent topics on 3D printing. The third section presents the research method. The fourth section presents the case study. The fifth section discusses the findings. Section sixth presents the conclusions of the chapter.