



**TURUN
YLIOPISTO**
UNIVERSITY
OF TURKU

THE INVISIBLES IN IB

How State agents' export promotion support, finance, and time influence firms' internationalization

Marion S. Bitsch



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ISBN 978-951-29-9639-1 (PDF)
ISSN 2343-3159 (Painettu/Print)
ISSN 2343-3167 (Verkkajulkaisu/Online)

“Without cultivating the necessary skills, one cannot expect to take true enjoyment in a pursuit.”

(Csikszentmihalyi 1990)

T10⁻¹

“Life, is nothing but an electron looking for a place to rest.”

(Albert Szent-Györgyi, Nobel Prize in Physiology or Medicine in 1937)

T10¹

“Under the Baas Becking paradigm [...] — ‘everything is everywhere, but the environment selects’—.”

(Müller et al. 2014)

T10⁰

Figure 1: Time flows.

Based on Clough et al. (1973), Sarma et al. (2013), and Seki et al. (2020).

UNIVERSITY OF TURKU
Turku School of Economics
Marketing and International Business
International Business
MARION S. BITSCH: The Invisibles in IB.
Doctoral Dissertation, 240 p.
Degree: Doctor of Science. Doctoral Programme at Turku School of
Economics
2024

ABSTRACT

LOI. This thesis joins the conversation about the internationalization of the firm: Dunning's Eclectic Paradigm (*Ownership, Location, Internalization*) operates as an envelope to anchor important factors that have previously received little attention in the IB conversation. These missing elements are *the role of finance in explaining internationalization, the role of State agents, i.e. ECAs, and the role of time.*

The reason why it is important to deal with these omissions is because, many firms rely on export credit agencies' (ECAs') services to conduct either their early internationalization, or they rely on ECAs to provide financing tools to enable their later international business activities. This factor has surprisingly been neglected in most IB explanations on internationalization and the success and failure of MNEs.

Within the thesis, I studied these in three separate studies. Essay 1, 2 and 3, have been conducted to shed light on the role of ECAs in firms' internationalization. The three studies brought up surprising observations that were not sufficiently considered in the explanations of internationalization and how MNE safeguard their business. I focused on novel elements and applied an abductive reasoning (Saetre & Van de Ven, 2021). The surprising results in each of the studies, let me to search for a theoretical anchoring framework. I used Dunning's OLI as an envelope to integrate the most important factors. These enhance our understanding of internationalization. Then I propose a new direction for the three dimensions conceptual model, presented as LOI.

Regarding the contributions, I found as the results that the focused factors, finance, state agents and time, increase our understanding how ECAs support firms' capabilities and influence how firms make their internationalization decisions. And I am highlighting new factors that increase the explanatory power of the internationalization journey of firms: capabilities, willingness and the goal.

The research contributes to academia beyond IB through the methodology used. The abductive reasoning serves as a concrete illustration of how a human brain conceives and constructs internationalization decision making. The dimension that connects it to natural Life sciences and biological models, is the innovation of this thesis: the concept of time internalization.

KEYWORDS: Time internalization; Eclectic Paradigm; Internationalization; Export promotion; Finance

TURUN YLIOPISTO

Turun kauppakorkeakoulu

Markkinoinnin ja kansainvälisen liiketoiminnan laitos

Kansainvälinen liiketoiminta

MARION S. BITSCH: *The Invisibles in IB.*

Väitöskirja, 240 s.

Kauppätieteiden tohtori, Turun kauppakorkeakoulun tohtoriohjelma

2024

TIIVISTELMÄ

LOI. Tämän väitöskirjan kontribuutio kohdistuu teoretisointiin näkymättömien tekijöiden roolista yritysten kansainvälisessä liiketoiminnassa. Väitöskirja tutkii, *miten viennin edistäminen, rahoitus ja aika yhdessä selittävät yritysten kansainvälistymistä.*

Tätä kysymystä pohditaan rationaalisen abduktion (Saetre & Van de Ven, 2021) avulla. Väitöskirjassa peilataan useiden sidosryhmien näkökulmia ja työn käsitteellinen positio rakentuu Dunningin eklektisen paradigman ympärille. Tämä malli yhdistää omistajuuden sijaintiin liittyviin etuihin ja sisäisen hallinnan eri tyyppisiin. Tämän OLI (*Ownership, Location, Internalization*) -viitekehyksen sisällä tässä työssä keskitytään sijainnin eli lokaation alakohtana viennin edistämiseen, omistajuuden alakohtana rahoitukseen ja sisäisen hallinnan alakohtana ajan rooliin. Nämä tekijät ovat toisiinsa kytkeytyneitä kansainvälisissä vaihtotransaktioissa ostajien ja myyjien välillä. Vaihdon juurtuneisuus kuvaa OLI-osatekijöiden näkymättömyyttä kansainvälisessä liiketoiminnassa.

Tämä väitöskirja jakautuu neljään osaan. Ensimmäisessä esitellään yhteenveto viennin edistämiseen liittyvästä tiedosta ja määritelmistä, sekä kartoitetaan olemassa olevat viennin edistämiseen liittyvät teoriat. Toisessa osassa arvioidaan rahoitusta omistajuuteen liittyvänä tekijänä ja yrityksen ikää omistajuuteen liittyvänä etuna yritysten kansainvälistymistä edistävinä tai sitä rajoittavina tekijöinä. Kolmantena esitellään kyselytutkimuksen tuloksia viennin edistämistoimenpiteiden suhteesta yritysten kansainvälistymisen ajoitukseen. Viimeisenä keskustellaan löydösten vertailevasta analyysistä ja ehdotetaan yritysten kansainvälistymisen tukemisen strategiaa sekä vienninedistäjille että rahoittajille perustuen saatuun syvempään ymmärrykseen asiakasyritysten tavoitteista halukkuuden näkökulmasta, pelkän kyvykkyyden lisäksi.

Tämä tutkimus täydentää Dunningin alkuperäistä mallia paljastamalla vähemmälle huomiolle jääneet tekijät OLI-viitekehyksen saumakohdissa. Viitekehykseen lisätään ajan dynaamisuus sisäisen hallinnan dimensiona ja toimintahalukkuuden vaikutin, jonka rooli ajan sisäistämisessä on kriittinen. Lisäksi tutkimus selittää, miksi on tärkeää erottaa toisistaan yrityksen toimintahalukkuus ja toimintakyvykkyys, sillä halukkuus on kytköksissä yrityksen tehokkuuteen ja strategiaan.

Tämä tutkimus ehdottaa, että erilaiset implisiittiset oletukset ajasta mahdollisesti heikentävät yrityksen toimien koordinoimista paikkaan liittyen erityisesti pitkien matkojen välillä, digitaalisissa suhteissa ja valtiorajojen yli. Lopullinen käsitteellinen viitekehys esittää yhden ratkaisun toimivan kansainvälistymisstrategian tunnistamiseen: omistajuuden ja ajan synkronoinnin sisäistämisen kautta, mukaan lukien kyvyn ja halukkuuden saavuttaa määritelty kansainvälistymistavoite.

ASIASANAT: Ajan sisäistäminen; Eklektinen paradigma; Kansainvälistyminen; Viennin edistäminen; Vientituet.

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LIST OF ESSAYS

This dissertation is based on the following essays, which can be found at the end of the thesis. They are referred to in this text by their Roman numerals. These essays were separate investigations into the spheres of ECAs' influence on firms' internationalization.

Using abductive reasoning (according to Saetre & Van de Ven, 2021), I investigated the possible or expected impact(s) from different perspectives and levels of analysis in three different essays. The essays informed my progressively deeper understanding, and the different surprising observations built my progressive theorizing.

I Addressing the finance gap in IB: A literature review combining EP services and locations to support firms' internationalization

An earlier version was presented at the Conference EIBA 2018, Poznan (Poland) [best IB paper in IB at the intersection of International Trade and Industrial Organization: JIBE International Trade & Industrial Organization in International Business (IB) Prize, by *Associazione Amici di Economia e Politica Industriale*].

II Does reality match theory? An assessment of the role of SMEs' finance ownership factor and age ownership advantage within the eclectic paradigm

Earlier versions were presented at the conference AIB 2014, Vancouver (Canada) and at the pre-conference EIBA 2014, Uppsala (Sweden), and the *International Business Review* PDW [Discussants: Roger Strange from Sussex University (UK) and Jonas Puck from WU Vienna (AT)].

III A survey on the relationship between firms' management use of public support and their internationalization timing

An earlier version was presented at the pre-conference EIBA 2018, Early Career Network PDW [Chair: Tilo Halaszovich from ICN Business School Bremen (DE)], Poznan (Poland).

ACKNOWLEDGMENTS

Darwin changed forever the question, why, as Dennett (2009) so eloquently put it: the environment selects (Figure 1).

The generous support from institutions, among which two key: FINNVERA, the official Export Credit Agency from Finland and the Foundation for Economic Education, **is vital to conduct any research**. I am sincerely thankful to LSR, the Foundation for Economic Education, as the foundation has financially supported my stay at SCANCOR at STANFORD University in the USA in 2015. Two more years of support resulted in the continuation of the research. I am thankful to all these institutions: the Anja and Erkki Toivanen Fund, the Hans Bang Fund and the Turku University Foundation for their supports, more than necessary they are vital to enable the research through enabling attending to conferences, and continuous education: all key to strengthen the academic knowledge or find one academic home. Attending on regular occasions grants the researcher with more resources necessary to thrive (Csikszentmihalyi 1990). “Visiting lecturers to the campuses [...], may be more influential for change than the textbooks“ (Wyatt 1972). I feel a particular gratitude to NEOMA Business School Paris, and SORBONNE University Paris for creating one opportunity to teach. Developing the international academic network is key for evolution.

Bitsch Marion S., Turku, April 2024

1 INTRODUCTION

I join the conversation about the internationalization of firms. I focus on Dunning's OLI (Ownership-Location-Internalization), framework. I choose the three-dimensional model because a retrospective by Wagner (2020) shaded a new understanding on the potential use of the eclectic paradigm as an envelope, to form a new functional gatekeeper for the increasing complexity of IB. Over four decades of research about the eclectic paradigm, recently reviewed by Wagner (2020), has provided a state-of-the-art macro-level envelop to form a unified context for researchers to depart from. I therefore instrumentalized this for my research questions to anchor important factors that have previously received little attention.

My study shows that it is important to revisit the work of Dunning and place it into a new light as a dynamic framework.

In my thesis I investigate the following research question: "How does the combination of export promotion, finance, and time explain firms' internationalization?" To solve this question I conducted three studies, discussed in essays 1, 2, and 3 (located at the end of the thesis), which were separate investigations into the spheres of Export Credit Agencies' (ECAs) influence on firms' internationalization. The purpose was to understand their impact(s), if any since the task was with no predetermined positivistic assumption. To accurately understand the potential impacts, I had to search for the causation, hence the origins in time. Using an abductive reasoning (according to Saetre & Van de Ven, 2021), I investigated the possible or expected impacts from different perspectives and levels of analysis in three different essays. The essays (at the end of the thesis) informed my progressive deeper understanding, and the different surprising observations built the progressive theorizing. Location-Ownership-Internalization (LOI), was then introduced as logical anchoring and new positioning framework based on the sum of the observations across the three essays taken together. If these essays were considered only separately, the surprising facts would not have emerged.

Leading to now, *ex post*, more researchers use LOI to understand the firm's internationalization choices over time and in the historic context of the firm's development stages, as well as *vis-à-vis* the export promotion and export credit agencies' services, which shapes the expansion itself.

A description of the phenomenon under study is provided as follows: regarding a firm developing motive to go international, once it has started its exploratory process, it realizes that there are export promotion and Export Credit Agencies (ECAs) and that they offer services to help and finance the first steps of internationalization. Thus, the home location advantage is the starting point, and the LOI is the pattern for internationalization. In this process, the firm acquires a specific critical resource (first internationalization finance) and, as well, a capability (ability to acquire internationalization finance—a transferable ability, dynamic capability)—thus adding and building on their ownership advantages, their material resources. Then, they can internalize the immaterial resource of time through the contracting of their projects as they are supported, financed, and staffed through work contracts.

From the essays' descriptions, it becomes clear that the second essay is dependent on the findings from the first essay, and similarly that the third was dependent on the first two essays. Theorizing would not have been developed without the three essays subsequently replaced into the emerging framework. Last, the consolidation of the theorizing came from the reorganization of the framework in time.

Finally, time as a dimension in research (i.e., this research), as with completed projects, would never materialize without the main critical success and enabling factor of finance.

1.1 Research purpose

The main research question is about how the combination of export promotion, finance, and time explains firms' internationalization. The reason why this is an important question is because these factors have not been considered much in the mainstream IB literature, despite their belonging there. These are the surprising elements that arose from my three essays.

I devised three sub-research questions and wrote an essay on each sub-question: (1) How do different national export promotion services and locations compare? (2) How does the financial ownership factor enable or constrain firms' growth and internationalization? (3) How does the time internalization factor in the internationalization of firms relate to export promotion and finance? In each sub-question, I addressed one of the three invisible factors: State agents' export promotion support, finance, and time.

Table 1. Structure of the thesis, main research question, sub-questions.

The main research question addressed in the thesis: <i>How does the combination of export promotion (EP), finance, and time explain firms' internationalization?</i>		
Essay number and title	Research perspective	Sub-questions ¹
-1- Addressing the finance gap in IB: A literature review combining EP services and locations to support firms' internationalization	IB historical perspective ²	<i>How do different national export promotion services and locations compare?</i>
-2- Does reality match theory? An assessment of the role of SMEs' finance ownership factor and age ownership advantage within the eclectic paradigm	Firms' financial advantage perspective	<i>How does the finance ownership factor enable or constrain firms' growth and internationalization?</i>
-3- A survey on the relationship between firms' management use of public support and their internationalization timing	Management of firms' perspective	<i>How does the time internalization factor in the internationalization of firms relate to export promotion and finance?</i>

¹ These sub-questions are based on a preliminary research discussion conducted in 2013 with FINNVERA that indicates the practical relevance of these questions. FINNVERA is the Finnish Official Export Credit Agency and one example of the three invisible factors in IB, i.e. the State agents' export promotion support.

² The historical perspective is justified because such services are institutions developing in their own context based on their own histories.

I based the conceptual positioning of my thesis on the three OLI dimensions, using Dunning's model as an envelope. The OLI paradigm addresses the formative characteristics of business—the basics (Wagner, 2020). O stands for ownership; it implies having something, and it is passive and static. L stands for location; it describes being somewhere, and it is passive and static. I stands for Internalization, which means doing something; it is static and dynamic.

In this thesis, the OLI is a guiding structure of established theoretical dimensions to study the three invisible influencing factors: State agents' export promotion support (the L dimension), finance (the O dimension), and time (the I dimension). Dunning (2000) himself looked at the OLI as an envelope for emerging explanations.

I considered the OLI dimensions and my three invisible factors of the firm in the process of internationalizing for the first time, to internationalize again, or to further internationalize. I positioned the ownership and finance dimensions as exogenous factors to differentiate the capabilities owned by the firm as it is in its present reference point (Yasuda & Kotabe, 2021), from future capabilities to be internalized. Existing capabilities can lead to or reinforce a status quo situation (Clarke & Liesch, 2017; Sapienza, Autio, George, & Zahra, 2006). Hence, it would only be an advantage in the short term. These existing capabilities differ from externally localized capabilities (Mariotti & Piscitello, 2001) that the firm, in its process of internalization, will have as an ownership advantage in the future, i.e. when an EP-supported project actually starts. Exogenous factors can be owned but not yet internalized at the present time.

In the final part of the dissertation, the insights gained from the three essays are integrated. I discuss the findings in a cross-analysis, and I further examine the practical implications of my research for EPOs: (4) What could export promotion service providers do to better understand their customers' needs and facilitate internationalization?

1.1.1 The phenomenon of firms' internationalization in international business

This section presents and explains the phenomenon of firms' internationalization to the reader. Additionally, I clarify the difference between the field of international business and international business activities to avoid confusion. Data-focused research shaped early IB studies (Morck & Yeung, 2007). Formal IB studies appeared after World War II, as US exports and foreign direct investment (FDI) began to play an important role in global reconstruction and development. Dunning was among the pioneers of the International Business (IB) discipline.

The field of international business (IB) was developed from the discipline of international economics, using international trade theories as fertile ground. Such

theories are “those of absolute advantage [Smith 1776], comparative advantage [Ricardo 1817], factor endowment [Ohlin 1933; Heckscher 1950], demand similarity [Linder 1961], and product life cycle [Vernon 1966; Wells 1968]” (Leonidou & Katsikeas, 1996, p. 518). As a consequence of this macro-theory focus on trade flows between countries as economic explanations from 1960 to 1990 (Jones & Khanna, 2006), the primary methodology in IB research often included macro-economic analysis (Paavilainen-Mäntymäki, 2009) with a focus on large, mature firms (Seringhaus & Rosson, 1991) and lacked a process approach (Welch & Paavilainen-Mäntymäki, 2014). During the 1970s, IB scholars “shifted from the international economy to include: the firm and, internal processes within the firm” (Parker, 1999, p. 237).

The term “international business” refers to all the international activities of a firm. There are several different types of international business activities, whereas internationalization refers to the entire process, from exporting goods abroad to establishing a subsidiary, or to de-internationalization and the status quo “wait-and-see” positioning of a firm (Clarke & Liesch, 2017). In economics, internationalization is a “multifaceted process” (Melin, 1992, p. 100), which has produced a vast body of theoretical and empirical data that differ in relation to the unit, level of analysis considered, and context (Leonidou & Katsikeas, 1996, p. 518). Several theoretical levels can be distinguished in time: trade theories dominated from 1820 to 1960, followed by traditional approaches to firm internationalization and, later, further behavioral and entrepreneurial theories.

Below, I review several definitions of internationalization used in IB research:

Internationalization of the firm is a “well-established sub-field of international business” (Coviello & McAuley, 1999). While there is no single definition of internationalization, some authors have combined several previous attempts to draft a simplified or more comprehensive and holistic description. Regarding the internationalization process firms’ first step in international marketing is a progressive process, happening in incremental stages, and over a more or less long period of time (Parker, 1999).

Welch & Paavilainen-Mäntymäki (2014, p. 2) combined the definitions suggested by Welch and Luostarinen (1980, p. 148) with Calof and Beamish’s (1988) and the process dimension brought up by Andersen (1997, p. 29) to suggest that “internationalization is the process of adapting exchange transaction modality to international markets.”

Another definition proposed by Beamish (1990, p.77, as mentioned in Jones & Dimitratos, 2004, p.12) combines Welch and Luostarinen’s (1988) and Melin’s (1992), as well as Williamson’s (1975) and Dunning’s (1988): “the process by which firms both increase their awareness of the direct and indirect influence of

international transactions on their future and establish and conduct transactions with other countries”. Sapienza et al. (2006, p. 927) used Johanson and Vahlne’s (1977, 1990) phrasing: “internationalization as an interplay among foreign market exposure, learning, and capability development”. Later articles (Coviello & McAuley, 1999; Jones & Dimitratos, 2004, pp. 219–220) cited Welch and Luostarinen’s (1988, p. 36) definition: “the process of increasing involvement in international markets.” Welch and Paavilainen-Mäntymäki (2014, p. 2) studied the process dimension of the concept in their publication and emphasized its complexity: “internationalization is a multifaceted process that occurs over time, rather than consisting of a single set of decisions or discrete events.”

Recently, Vahlne and Johanson (2017) revised their internationalization process model to underscore its evolutionary dimension. In the latest version of their IP model, they suggested accounting for the dimension of individuals and studying evolution by examining the sum of individuals’ changes, aggregated at the firm level. Coviello, Kano, and Liesch (2017) commented on Vahlne and Johanson’s revised IP model and underlined two key missing dimensions: the digitalization of the economy and the dimension of individuals. Clarke and Liesch (2017) also reviewed Vahlne and Johanson’s (2017, p. 1090) IP model and commented on “the need to focus on the role of individuals. They proposed that the modified IP model should account for the individual decision-maker rather than the decision-making system”. Thus far, the IB literature’s focus has essentially been on the firm level, with the firm treated as a black box. Forsgren and Piekkari (2018), in a comparison of Luostarinen’s model and an earlier version of the Uppsala Model developed by Johanson and Vahlne, commented on the missing dimension of human resources management, especially managers’ intentionality or inertia (“opportunity-seeking” versus “lateral rigidity”). These factors were only recently included, to some extent, in the latest version of the IP (Aharoni & Brock, 2010; Johanson & Vahlne, 2006) and in updated versions of the UM/IP model (2018). In the international context, the first dimension of digitalization has brought to the individuals the consciousness of the plurality of times, i.e., when firms engage in international digital videocalls or conferences they experience more than the call, they also share two different time zones and each party has to take into consideration the needs and limitations of its counterpart, e.g., on one side the meeting could be happening at lunch time, while for the other side it would be happening overnight.

Based on the revised IP model, Santangelo and Meyer (2017) stated that internationalization is an evolutionary process. The authors suggested that time can become visible through an increase or decrease in resource commitment to internationalization. They defined an evolutionary process as being built around three dimensions: the dynamic of time, novelty, and a selection mechanism. They reviewed the possibility of extended as an evolutionary framework for IB scholars

and proposed that firms evolve because of external (competition, market selection, and fitness to the environment) and internal (corporate culture and practices, and employees) selection processes. Furthermore, they suggested that (international) commitment decisions could be interpreted as a novelty dimension. Thus, the three conditions were met.

Internationalization is a broad evolutionary strategy, and it should be distinguished from the more specific export activity process. For the focus of the research on public finance and EP, the analysis will be based on a modified version of the original definition (Coviello, Kano, & Liesch, 2017; Dow, Liesch, & Welch, 2018), which has held a consensus position for two decades, so it might be time to review it.

None of the previous definitions of internationalization reviewed above accounted for the internalization of time. Therefore, time internalization is a novelty of this thesis, and in IB, it should support and encourage researchers to modify existing definitions of internationalization.

In the research I conducted for my thesis, I investigated firms' internationalization within Dunning's (2000) eclectic paradigm, also framed as the OLI model, which is an analytic framework, an envelope with three dimensions that accommodate several economic and business theories of multinational enterprise (MNE) activity (Figure 2). The definition of a firm's internationalization differs according to the reference point factor taken: finance (the O factor), the external environment of export promotion (the L factor), or time (the I factor).

1.1.2 Research unit of analysis: From the exogenous to the endogenous factors of firms

In my research, I depart from the firm unit of analysis. Since a firm's international development is a process that does not happen in a vacuum—it is instead nested within the environment in which it forms an ecosystem—several perspectives need to be accounted for when studying firms' internationalization. Therefore, as the result of the abductive process, my dissertation proposes a multilevel, three-layer analysis (Batistič, Černe, & Vogel, 2017; Johnson, Price, & Van Vugt, 2013a; McKelvey, 1997).

To depict the conceptual positioning, in Figure 2, I departed from the firm unit instead of focusing on size as a category. I looked first into the firm's factors, the international macro environment supporting the firms' business (i.e., home, host countries, and institutions), and in which the multinationals embed the seeking activities that generate the internationalization process: market seeking, resource seeking, efficiency seeking, and strategic asset seeking (Dunning, Chapter 2 in Rugman, 2009, pp. 39–71).

Within these four types of MNE activities, Dunning theorized that the ownership-location-internalization dimensions form an eclectic paradigm. These seeking activities engaged in by firms are causal higher-order factors of the OLI dimensions. Seeking activities are macro to the OLI dimensions, and they influence the firm. Indeed, seeking activities form an internal process that motivates the exploration of a firm's foreign (macro) environment.

Stated otherwise, seeking activities are envelopes to (i.e., "macro to") the OLI dimensions and they come as external ("exogenous") to the firm, which feels those pressures as an internal drive ("endogenous") of the firm since they form an internal seeking process that motivates the exploration of the foreign macro environment (as opposed to the firm's existing microenvironment).

In IB, many assume that examining the firm's perspective is the micro unit of analysis, while the meso unit is the industry unit, and the macro unit refers to the institutional and non-institutional environment. As a consequence, in the OLI paradigm, the behavioral elements of decision making have been ignored (Aharoni, 2010). In my research, I incorporate the organizational theory perspective of the micro human agent. In the third essay, the micro level of the firm's individuals is explored, as well as the CEO and managers and their role in firms' international evolution over time. In the conceptual framework (Figure 5) of this thesis, the firm becomes the next higher level (meso), and the broader environment of the firm is the macro level. The three influencing factors researched—export promotion, finance, and time—are embedded within the OLI envelope as sub-dimensions. Therefore, they represent external factors to the firm; they can rationalize (financial ownership learning) and distance itself (through time internalization) from these to focus its decision process on other factors. The firm's four seeking activities will be identified in this thesis as macro-endogenous to distinguish them from micro-endogenous factors, which are unveiled in the findings presented in Figure 5.

For clarity purposes, I should mention that in the practice of export promotion (EP) (Welch & Wiedersheim-Paul, 1979; Wilkinson & Brouthers, 2006) and finance, the supporting organizations address two distinctive types of units of analysis of the firm (Freixanet, 2012; Hultman, Katsikeas, & Robson, 2011); multinationals (MNEs) are large and driven partly by their structures, and small and medium enterprises (SMEs) are largely driven by their actions (Gray, 1997). Export finance services are primarily designed for MNEs and large firms, whereas EP non-financial services mainly target SMES; the respective services offered are based on the firms' needs, influence, and power (Naidu & Rao, 1993). Some explanations for the services diverging in their focus could also be found in academics' interpretations of the respective background disciplines, which have historically studied and observed EP and finance in practice (Alvarez, 2014; Auboin & Engemann, 2014; Carlson, 1969; Faroque & Takahashi, 2012; Niepmann & Schmidt-Eisenlohr, 2017).

For export finance, the background discipline is the discipline of finance (Beck, Demirgüç-Kunt, & Marksimovic, 2005; Ross, 1997), which as a field general rule has usually rather had a macro unit of research analysis, with quantitative methods. Therefore, studies rooted in finance have been a central point in investigating firms with available financial data (i.e., large firms and MNEs).

Research on EP non-financial services has mainly focused on marketing (Diamantopoulos, Schlegelmich, & Tse, 1993; Durmusoglu, Apfelthaler, Nayir, Alvarez, & Mughan, 2012; Gillespie & Riddle, 2004; Hultman et al., 2011; Leonidou, Palihawadana, & Theodosiou, 2011) and tended to target specific markets or customers and the SME unit of analysis. As the provision of EP primarily targets SMEs (see below), for conceptual clarity, I should define the term SME. According to the European Commission's working definition, "Small and medium businesses are companies with fewer than 250 employees and which are independent from larger companies [and] have an annual turnover up to €50 million or an annual balance sheet up to €43 million," (Cressy & Olofsson, 1997; European Commission, 2011). In addition, the Bolton Committee (Bolton, 1971, p.458) provides a qualitative definition of SMEs that can be used in combination with the previous European Commission quantitative definition. The Bolton Committee defines SMEs as follows:

- "SMEs have a relatively small share of the market."³
- "SMEs are managed by owners or part owners in a personalized way and not through the medium of a formalized management structure."
- "SMEs are independent in the sense of not forming part of a large enterprise."

My research focus is on small and medium enterprises (SMEs). Most of Dunning's work was about multinational enterprises (MNEs). The IB field tends to associate MNEs with the macro dimension. However, Dunning suggested that his model could be applied to both large and small firms (1999), hence SMEs, through conceiving the firm as an "organizational unit" (Dunning & Norman 1983, p. 676), which coordinates external and internal flows of activities and investments (Dunning & Norman 1984).

Since the present research work focuses on three IB invisible influencing factors and is specifically anchored in the location dimension, in which export promotion is a sub-dimension. Chapter 2 presents a review of the topic to help the reader better comprehend it. In the first part of Chapter 2, a comprehensive review of previous

³ The concept of "market share" is a complicated and interpretive indicator, as it is difficult to precisely measure. For the purpose of this thesis, we consider MNEs to hold the majority of the market share, despite SMEs forming around 90–99% of all firms globally. Some niche SME players might hold a larger share.

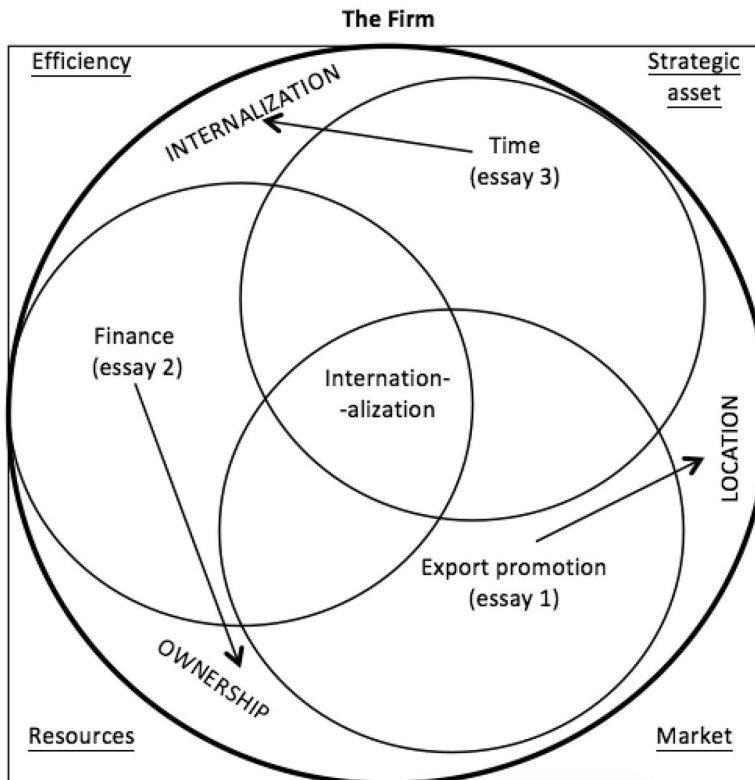
research on EP is conducted because no consensus has been reached on the definition of export promotion. A historical contextual evolution of EP is provided to establish a basis on which to ground further consolidation. This should further encourage theoretical development regarding EP (Gillespie & Riddle, 2004).

1.1.3 Conceptual positioning

The conceptual positioning of this dissertation, as presented in Figure 2, represents the internationalization process in the firm's overall environment. I ground the research in three invisible factors, State agents' export promotion support, finance, and time, in the internationalization process within the envelope of Dunning's (2000) three OLI dimensions. Wagner (2020) took a historic perspective outlining the major development of OLI over time. The paper provides a meta envelope for the OLI, and it puts the meta envelope into the contextual and temporal developments. It also accounts for influences borrowed from other fields, such as strategy research. The literature review of the paper allows us to deal with some criticisms of the OLI model. Nevertheless, as Wagner (2020) acknowledged, his taxonomy emphasizes the dissolution of MNEs' boundaries because of the amplification of their evolution. Once an MNE has reached the maximum size within a niche/ country, it looks for niche modifications or alternative niche constructions. Thus, the taxonomy has a different purpose, and it provides less "uniformity and less explanatory power" (Wagner, 2020, p. 69) in comparison to the eclectic paradigm.

To represent the firm's environment, I used the four types of MNE activities, usually referred to as "motives," as described by Dunning: market-seeking, resource-seeking, efficiency-seeking, and strategic asset-seeking (Rugman, 2009, pp. 39–71). These four seeking activities are adapted in the four corners of Figure 2. Dunning also acknowledged that "the first three types were initially identified by Berhman in 1974" (Rugman, 2009, p. 45).

For the practical envisioning of my model's expected applications, the OLI dimensions are embedded within their original theoretical development context (i.e., the four types of MNE activities listed in the previous paragraph). These seeking activities represent the causal higher-order factors of the OLI dimensions. Since the three OLI dimensions were initially developed by Dunning within the four seeking activities, I followed his model and reused these four activities as the external borders of the framework for my conceptual positioning, as illustrated in Figure 2. Accordingly, a firm's priorities in its pursuit (i.e., which specific seeking activities and in which order) will reveal the background/underlying dynamic of its internationalization.



Adapted from Dunning's arguments, as presented in Chapter 2 in Rugman, 2009, pp. 39–71).

Figure 2: Conceptual positioning: macro-endogenous and exogenous factors.

The illustration presented in Figure 2 is an original conceptual positioning developed by the author and used in the research conducted for this thesis. Since the research focuses on internationalization and because motives are about getting something that they cannot get at home for market-seeking activity, I logically focused my first essay on the market corner of the illustration. The background-underlying dynamic for my research process departs from the market-seeking corner, with the firm's exploration of the export promotion services available in its present location (home-based).

The time context and how things change were important in developing the research framework. It was recognized to keep the framework relevant to discuss how various new theoretical developments can be related or fit into the OLI to widen its relevance.

As can be observed through the three invisibles in my figure, when the internationalization process is embedded in the respective dimensions of the Eclectic

Paradigm, the pattern following the OLI logic presents a background through a circular but counterclockwise movement.

In line with the abductive reasoning, I had empirical motivations to write the essay 1 due to my work within the Finnish official ECA, FINNVERA. They were interested to understand how ECAs in Europe differ. This brought my attention to the location-specific advantages of the home location as an important and potentially imprinting experience that determined much of firms' subsequent internationalization decisions and behaviors (the subsequent essays).

The perspective that the home location provides advantages that enable internationalization through ECAs is a key surprising insight.

Then, because the order of rationale matters, I came to develop a study on O and related the O factors to finance as a resource and financing as an ability. Again, O and its dual function (have finance = resource; learn to obtain finance = capability) were surprisingly not acknowledged much. It could easily be related to Dunning, in line with the criticism also highlighted by Wagner (2020), who cited work from the early 1990s where the nature of O and L advantage were disputed. For instance, L advantages have been proposed to be firm-specific.

I contribute to the discourse by saying that it is not limited to the O or L advantages. I propose that it is the fit and the interactions between these factors in the specific environmental context of the firm that are critical in terms of timing. These three factors have brought me to my thinking about I. Consequently, the pattern changed from OLI to the opposite clockwise logic LOI: I departed from the study in Essay 1 on export promotion-location (L), followed in essay 2 by finance-ownership (O). Finally, in essay 3, I focused on time internalization (I). Therefore, in this thesis, my sub-factors embedded in the OLI envelope will be presented in their specific logic: LOI.

1.2 Problem setting: Framing internationalization within the ownership-location-internalization paradigm as an envelope of three exogenous invisible factors

This research is anchored in IB and uses Dunning's framework (Dunning, 1977, 1980, 1988a, 1988b, 2000) for its structure. The eclectic paradigm serves as an envelope (Dunning, 2000) to study three influencing factors of firms' internationalization: export promotion, finance, and time. The aim of this research was to better understand the interconnections among these three specific factors.

My abductive process moved from empirical observation to surprising inductive insights and then to pondering where to attach these insights theoretically. Then, it moved from the choice of the OLI as an envelope guiding me in deductive reasoning to the theorizing of the LOI order.

The research started with experiences and observations while working on the topic. Then, I progressed to my insights on the anomalies and puzzling questions that emerged while working. These, in turn, led me to search for answers, and at this point I started to turn toward existing research and the search for suitable theories that would match my observations in a standard and normalized approach. I continued the research, collected data, and wrote the essays in parallel. My progress has made me systematically return to theory in the literature and was influential in modifying my existing theoretical beliefs of how the phenomenon I was studying might be reported in a rational design. My theoretical understanding changed and developed iteratively: essay by essay, data by data, reading by reading. I went back to the field to get another angle on my topic for the next essay. The new data needed new theoretical reading. When I was able to form a stable design of the processes I could observe, I went to the last essay to revisit the theory and revise it. These carefully implemented steps led me to the final contribution: through abductive iterations, starting from inductive empirical experiences and leading to the formation of envelope thinking, I ended up with a rational design of my theorizing insights related to Dunning's work.

In Dunning's (1988) original publication, the OLI model was first presented in the LOI order (this is also present in the restatement and summary article of Dunning 2001). Dunning placed the asset advantage (Oa) and the transaction advantages (Ot) above the OLI (Wagner placed it "after" in time order, and the author presents Oa as a normal component of the O dimension). The fact that Dunning might have intentionally (and not randomly) placed the "asset advantage" (Oa) dimension outside and upfront the actual Ownership dimension can be illustrated by the specific case of export promotion, which I studied in my thesis. It (Oa) becomes an Ownership if taken opportunity upon; asset is only an opportunity to create an O- or firm-specific advantages internationally once it is realized as such. However, the

firm might decide not to leverage it. In time, the Oa would represent a short-term kind of Ownership (O) and it would remain outside the long-term O, which Dunning's Eclectic model seemed to have represented⁴.

In my research, I positioned export promotion (EP) (Czinkota, 2002; Diamantopoulos et al., 1993; Freixanet, 2012; Lederman, Olarreaga, & Payton, 2010; Seringhaus & Rosson, 1991; Seringhaus & Botschen, 1991; Seringhaus & Rosson, 1990; Shamsuddoha, ALi, & Ndubisi, 2009; Walters, 1990; Welch & Wiedersheim-Paul, 1979; Wilkinson, Keillor, & D'Amico, 2005) in the localization dimension (L), I studied finance as an ownership (O) dimension, and I observed time in the internalization (I) dimension.

I used the specific case of export promotion, which illustrates the structural role of government intervention, which in Dunning's work (1988) is a precursor for both Location (L) and Oa. Export promotion service providers, such as traditional Export Credit Agencies (ECAs) or national promotional banks or institutions (Abraham & Dewit, 2000; Fallis, 2016), are important stakeholders due to their stability and extensive historical existence (Leonidou et al., 2011; Miesenbock, 1988). They have a global presence in OECD countries and most of the countries involved in international business activities (Baltensperger & Herger, 2008). They play critical countercyclical roles in the internationalization process of firms (Biesebroeck et al., 2015). On one side, they provide certification (Hyytinen, Väänänen, & ETLA, 2002) to firms, which they evaluate as trustworthy.

Regarding finance, although it seems natural to examine it in combination with export promotion, observations show that they are usually not combined in practice or in research. The export promotion institutional opinion represents a higher-order indicator for commercial banks and private actors or serves as a good-to-go signal. As a positive externality, their involvement compensates for the assumed financing gap (Cressy, 2002) for the export activities of small and medium firms. On the other hand, export-promotion financial institutions guarantee multinationals' financial risk (Carlson, 1969) involved in the transactions' time dimension of internationalization processes, hence creating trust between buyers and sellers and enabling long-term agreements between local and foreign firms.

Finally, time in international business research is present in previous studies but only as an implicit dimension. It is a factor not assumed to be consequential, and it

⁴ If a firm has a patent asset, it is only becoming an O advantage if it can actually exploit it internationally, otherwise it is just an asset. A building is an asset, too, with its own value. But it is only if the firm uses it or rent it out that it transforms into an actual advantage. Similar with the main classes of O advantages—e.g., economies of scale can be seen as an input to build an O advantage or as an outcome of it (if the firm actually create enough demand to exploit such advantage – otherwise it is just capacity).

is presumed to be a valid indicator of knowledge, especially when considered in the form of duration, since it enables the development of experience in the process of internationalization (Blomstermo, Eriksson, & Sharma, 2004, pp. 263–283). Thus, it has a value associated with duration and cost, which materializes in internalization theory through a resource acquisition contract for goods or the employment of human resources. In a world where many businesses happen based on the use of digital technologies, the concept of “real,” understand immediate-time communication—the articulation between time and reality emerges as a critical factor for business realization. In the present research, the dimension of time is focused on, along with the two other factors, to make it more explicit.

1.3 Expected contributions

My research contributions are based on the conceptual positioning presented in Figure 2 within Dunning's (2000) eclectic paradigm, which served as an envelope to generate an original conceptual framework (Figure 5). With this thesis, I expect to make three types of contributions: (i) contributing to the existing theory of the Eclectic Paradigm, (ii) contributing to the utility of the theory, and (iii) generating novel explanations.

According to Whetten (1989), a good theoretical contribution should answer three simple questions: what, how, and why. Which factors are under consideration? How are they connected? Why are they related? My factors are the three invisibles of State agents' export promotion support, finance, and time, which influence a firm's internationalization. They are connected in the conceptual positioning (Figure 2) within the process of a firm's internationalization embedded in the OLI envelope. To unveil their causal relationships, this research proposed a conceptual framework (Figure 5) that should allow studying the OLI intersections between finance and time. Through my two conceptual tools, I expect to address some of the criticisms of Dunning's Eclectic Paradigm (Grosse, 2003) by bringing some time dynamics and order to priorities within the model. I unveil the time creation process in internationalization, before and after internationalization, through time internalization. I also focus on the diversity of goals in setting priorities: goal assignment or definition and goal reassignment or definition reinforcement.

Hambrick (2007) suggested that over-emphasizing theories in the field of management has led to a lack of interesting and relevant facts that subsequent researchers could use to understand why and how they happen. To address this issue, I focused my efforts on four factual dimensions with practical relevance: (1) summarizing the main body of knowledge on this topic and the definitions of export promotion and mapping the previous theories used in EP studies, (2) evaluating the finance ownership dimension as an enabling or constraining factor in the internationalization of firms, (3) exploring the effect of export promotion on the timing of firms' internationalization, and (4) proposing a strategy for EP and finance support providers to address firms' internationalization through a better understanding of their customers' goals from the standpoint of willingness beyond mere capabilities. The first three points are addressed successively in three separate chronological essays. Each essay forms the basis of the research for the next essay. The fourth point is addressed in the fourth part of this thesis, in which I conducted a cross-analysis of the findings of the three essays.

I expected the research approach to make contributions applicable to other topics and fields. From a theoretical standpoint, consolidation of the EP field would enable future theory testing and generation. The research is anticipated to have implications for governments' effectiveness in fulfilling their purpose, which is to promote the

entry of firms into international operations (see the Theoretical Content section), help anticipate and mitigate firms' risk in conducting IB, and evaluate the societal impact of their support to firms' international business activities. Through the analysis, concepts, and tools proposed in this research work, I expect a better understanding of the EPOs' role in and support for business. This could help correct the dilemma public officials face with firms' learning the EP application process and, hence, the possible mechanistic attribution to underperforming firms.

Finally, regarding the generation of novel explanations Saetre, and Van de Ven (2021) recently redescribed the process of abductive reasoning, which was already presented 20 years ago in Dubois & Gadde (2002). I applied abduction to my research with a rational anchor (i.e., the deductive method), which was used to ground the research, as explained in the description of the researcher's reasoning (Section 3.1.3). This research presents new opportunities in the field of IB to integrate more subtle details about the time dimension, especially the preexisting factors of internationalization. By integrating more extensively the time dimension into internationalization theories, IB would enlarge its research scope to the possible ex-ante causal influencing factors in the non-realization of internationalization (first internationalization or status quo). The internationalization status quo (Clarke & Liesch, 2017) situation could be materializing the middle hinge, the return to internationalization equilibrium, or the freedom to make the next decision to operate (to take action). As an illustrative example of the above, I mean that the firm, through internationalization, would be exploring extreme situations. The extremes would be the maximum case acceptability for the firm in relation to its present resources. Furthermore, by testing new positions, the firm would become an outlier in the market and establish itself as an anomaly in comparison to the present-time normality. Therefore, the firm would need to return to a state of equilibrium—which, from an external viewpoint, would be interpreted as de-internationalization or a status quo situation—until it clarifies its position and reinforces its decisions.

1.4 Conclusion of Chapter 1

My thesis proposes two conceptual tools that can be articulated around the bi-directional dynamic between the exogeneous and endogenous factors of the firm. The first tool is the research's conceptual positioning (Figure 2), which positions the invisible factors of a firm's export promotion and internationalization, i.e. State agents' export promotion support, finance, and time, within the exogenous OLI factors and MNEs' macro-endogenous seeking activities. The second tool is the conceptual framework (Figure 5), which unveils the micro-endogenous factors of the firm (i.e., willingness, capabilities, and goals), along with exogenous OLI factors.

2 THEORETICAL FOUNDATIONS

In this chapter, I present a theoretical review of three invisible factors, State agents' export promotion support, finance, and time—in the field of international business. The information presented in this chapter should enable the reader to better comprehend the context, which unfolds on the macro level of the location dimension, through either multiple countries, or a single country's export promotion organizations. I begin this chapter by discussing how EP evolved over time to establish a theoretical basis on which to ground further consolidation. Since, based on previous research, there is no consensus on a definition of EP (Freixanet, 2012; Welch & Wiedersheim-Paul, 1979), this part of the chapter is intended to develop theoretical grounding for EP (Gillespie & Riddle, 2004). Next, I review the factor of finance in IB and explain how it can be either a financing or a risk management strategy. Finally, I review the concept of time in IB and explain why time internalization is an influencing factor in a firm's internationalization. I use the review as a basis for developing the conceptual positioning (Figure 2) of my thesis.

2.1 Study of the export promotion (L-specific) factor in international business

The study of export promotion (EP) in IB dates to a 1960s research program developed to establish the field of international business operations at the University of Uppsala (Carlson, 1962). Thus, EP has been on the IB research agenda since the inception of the field (Haltiwanger, Jarmin, & Miranda, 2013), and scholars have, on repeated occasions, called on researchers to study the financial dimension of IB (Carlson, 1962; Wright & Ricks, 1970). Although EP is a long-standing topic and seemingly extensively researched, it lacks a unified definition, and the absence of theoretical development is intriguing (Gillespie & Riddle, 2004). Because of the research gaps I observed, and since I have practical access to an understanding of the fieldwork of EP, I made the review presented in this chapter longer than the typical review. My intention was to make non-initiated readers benefit from such an extended yet comprehensible study, ultimately becoming more knowledgeable about the topic. Also, EP experts could find it attractive to build on my review, i.e., to compare, broaden, strengthen, or confirm the details of their existing knowledge. My review is not intended to be exhaustive since EP organizations are very dynamic and responsive to market changes and needs, and their structures evolve over time (Essay 1). For instance, the 2020 public health crisis brought new European funds for the recovery of firms, and national public banks and institutions will serve as intermediaries. Consequently, EP organizations, which are also for some National Public Banks and Institutions, may have to reorganize internally, making reality become different from the picture depicted in my thesis.

The next section addresses the positioning of my study within the existing literature, theories, and research traditions.

2.1.1 Export promotion L-specific factor: internationalization explained as a firm's growth strategy

In this thesis, I depart from the location—the external environment where the firm is based—which enables it to identify and apply for export promotion support services to subsequently conduct some of its international business activities. The firm does not exist in a vacuum; it is always registered in a location that ultimately determines its taxation regimen. Export promotion organizations, one of the invisible factors investigated, provide their services primarily to firms based in the same (home) location, hence the importance of my research accounting for the firm's

home country in the internationalization process. Location is, therefore, the point of departure, the preexisting external L-dimension in my study⁵.

Internationalization is a specific firm's growth strategy (Jones & Khanna, 2006, p. 460). "Growth is essentially an evolutionary process" (2017) that involves internal and external L-specific factors. The location dimension is critical because the firm is embedded within an environment, which determines its competitive advantages. Within this environment, the ECA is part of this environment as a contextual feature (in the beginning before internationalization) that enables firms to start their internationalization. The firm will consider its growth strategy through the internationalization of its activities to benefit from the low-cost location (one of the four reasons suggested in Figure 2) for each activity and leverage its network. In this thesis, the L-specific factor is accounted for as the external environment in which the firm is embedded and which characteristics determine its growth strategy.

In the growth theory of the firm, Penrose omitted the role of the external environment "to focus on the internal resources of the firm" (1959, p. XIII). Indeed, she concentrated on the role of individuals' intentions as a group to meet specific objectives. Because of this restriction and the research's focus on EP, which is a location-specific type of external support, I did not depart from Penrose's book and referred to works exploring the role of the external environment without ignoring the impact of the firm's internal resources (Jones & Khanna, 2006, p. 460). Penrose rejected evolutionary theories of the growth of the firm because they did not account for the motivational role of humans' conscious decision-making processes (Luostarinen, 1979, p. 64).

Finally, Aharoni (cited in Penrose, 1952) thoroughly synthesized how international evolution (his focus was on FDI) results from internal, micro-level individual factors (e.g., managers and CEOs) as much as from external, macro-level environmental factors. His mention of managers' abilities, which involve the individual's short- and long-term physical and mental (cognitive) health (Oudenhove et al., 2016), is relevant to my research.

Regarding the commingling of internationalization with growth, Paavilainen-Mäntymäki (2009) presented an interesting review of growth versus international growth. According to Paavilainen-Mäntymäki (2009, p. 65), "growth can be seen either as a precondition to or an outcome of internationalization." Thus, internationalization does not necessarily result in growth, and alternative pathways must be accounted for, such as de-internationalization, re-internationalization (Luostarinen, 1979; Welch & Paavilainen-Mäntymäki, 2014), or localized

⁵ I anchor the L-dimension (see conceptual positioning, Figure 2, and conceptual framework, Figure 5) **one step earlier in the decision-making process of time** from the firm's internationalization strategy, whereas in the next step, the MNE picks a destination-location.

internationalization (Mariotti & Piscitello, 2001). Furthermore, according to the contentment hypothesis (Vos & Roulston, 2008; Vos, Yeh, Carter, & Tagg, 2007), most SMEs do not consider (financial) growth as their primary concern. However, this does not prevent them from seeking internationalization as a way to increase their market. This is especially true for firms in small, open economies (Sasaki, 2015, p. 95). For this research, I depart from Luostarinen's model, in which internationalization is defined as a specific growth strategy.

In the internationalization model (Luostarinen, 1979; Naidu, Cavusgil, Murthy, & Sarkar, 1997), there are several types of international growth that may be viewed as incremental in the timing of the internationalization process. Either the product gets internationalized ('international product') through translation of the product features and specific adaptation to foreign markets for exportation, or there is international growth of the production tool ('industrial diversification'). Finally, the whole firm could be moved to a foreign market ('geographical diversification'), or diversification could be achieved externally by acquiring an established company operating in the target country.

These internationalization types can be either a foreign entry (e.g., FDI) or an internationalization mode (e.g., exports). Although some authors might mention the word 'internationalization,' they often use it as a synonym for exports. Internationalization could include an export stage, but not necessarily (cf. the review on Gradual Internationalization vs Born-Global/International new venture models from Paul & Rosado-Serrano (2019)). The process is more complex than the linear view involving exports. Wilkinson and Brouthers (2000a, p. 235) made a distinction between two different levels of observation, the firm's internationalization (strategy) and its positioning within its environment (i.e., the internationalization of its network; see Table 2 below).

Table 2: Internationalization of the firm and network.

Internationalization of the firm	Internationalization of the network	
	<i>Low</i>	<i>High</i>
<i>Strong</i>	Lonely International	International Among Others
<i>Low</i>	Early Starter	Late Starter

Adapted from Johanson and Mattsson (1988)

This distinction is important to identify and differentiate a firm’s potential and realized niches (see the “level playing field”⁶ argument, especially for EP) and adequately support its development. Indeed, a firm’s financing needs, and associated risks will not be the same, regardless of whether its network is highly international (in which case, the firm could potentially benefit from others’ experiences and contacts) or it is alone in the market. According to Seringhaus and Rosson (1990), and Naidu & Rao (1993), gaining an understanding of the company’s needs is required to draft an effective export-promotion program. Misdirected efforts and unmet objectives could result if the target firm’s level of internationalization is ignored. This distinction is also important in appreciating the two sub-levels of a firm’s internationalization strategy: its financing and its risk management strategy (see above). This emphasizes the importance of understanding firms’ goals, which is discussed in the second essay, for EP organizations to adapt their efforts and services.

Thus, export promotion is embedded in the eclectic paradigm as an L-specific factor. EPOs exist prior to a firm’s internationalization growth strategy and are therefore able to support local firms. Although exports are a step toward internationalization, they are neither necessary nor the only way. Internationalization is one type of evolutionary growth strategy. Exports are a sub-type of internationalization, as export promotion service providers focus their strategies on local firms’ needs (Naidu & Rao, 1993). The next section explains how obtaining export promotion support services enables firms to internalize time for internationalization.

⁶ The OECD’s Arrangement on Guidelines for Officially Supported Export Credits quotes: the level playing field argument (Schmit, Gheeraert, Denuit, & Warny, 2011b; Schmit et al., 2011a), “whereby exporters compete on the basis of the price and quality of their products rather than the financial terms provided. The Participants work also to eliminate other trade distortions related to officially supported export credits” (Sandström, 2008, p. 15).

2.1.2 The concept of export promotion

Due to the forgotten importance of EP in the field of IB, the concept of export promotion should be clarified. In my thesis, I presented export promotion with two respective subunits of analysis: financial and nonfinancial tools. Export financing (export credits and guarantees) is primarily designed for MNEs and large firms, whereas nonfinancial EP services (Table 3) mainly target small and medium enterprises (Berne Union Yearbook, 2015). Some explanations for these divergences (regarding the use of size as a unit of analysis) might be due to the respective disciplines that have historically studied EP. Finance has typically used a macro unit of analysis, with a focus on quantitative methods (Auboin & Engemann, 2014). Thus, finance has been a central point in the investigation of firms with available financial data, which are mainly larger firms and MNEs (Alvarez, 2004; Czinkota & Ricks, 1981; Görg, Henry, & Strobl, 2008; Hibbert, 1998; Howard & Herremans, 1988; Kedia & Chhokar, 1986; Kudrle & Kite, 1989; Posner, 1980; Seringhaus, 1986; Wilkinson & Brouthers, 2000a, 2000b). However, non-financial support has primarily been studied through marketing research (Coughlin & Cartwright, 1987; Parry, 1973; Seringhaus & Rosson, 1991; Shinkle & Kriauciunas, 2010; Welch, Welch, Young, & Wilkinson, 1997; Wilkinson et al., 2000). Marketing targets specific markets or customers and focuses on smaller micro units of analysis (e.g., individuals) and SMEs for firms' structure and size. (Diamantopoulos, Schlegelmich, Tse, & Katy, 1993; Pointon, 1978; Wiedersheim-Paul, Olson, Welch, & Lawrence, 1978).

These differences in the unit of analysis in finance versus marketing studies (Bilkey & Tesar, 1977; Mayer & Flynn, 1973) do not imply that export financing cannot be used by SMEs (Seringhaus, 1987). However, financing tools are often designed for larger organizations' IB strategies (OECD, 2016). Furthermore, they involve the implementation of complex projects requiring considerable resource commitment, which SMEs often lack (Seringhaus & Rosson, 1990). This means, for instance, that export financing tools may require a substantial amount of administrative work, which smaller firms either do not or cannot dedicate due to limited amounts of time and human resources (OECD, 2012).

Requesting public support may involve administrative tasks with no guarantee of practical results (Carlson, 1969). Hence, firms turning to EP services are first-time applicants unaware of the return-on-investment time-value ratio, larger firms with more capabilities, or more mature firms with more willingness. In digitally advanced organizations, such as those in Finland, administrative burdens have been considerably streamlined due to the dematerialization of applications for support services. An application can be submitted entirely online, including attachments and the digital certification of signatures, and then approved or rejected online. However, once the hindrance of time constraints disappears, the ambiguity of potential

rejection remains. Depending on the weight and valence of this anticipation, firms either convert from willingness to take action or willingness to undertake no action.

For other case scenarios with no time-related stress—when deadlines are made flexible to enable adaptive management, i.e., exploratory actions undertaken in parallel of regular operations, enable action adaptation to dynamics that characterize global markets, while the final destination of the project remains unchanged—the firm will eventually grow, have some financial records, and evolve toward internalizing their financial strategy and systematically dedicate resources to fulfill the requirements associated with export financing applications. Other larger SMEs pursuing further development goals with time stress prioritize increased adaptability to their external environment's changes and may decide to support all the risks involved by doing the projects on their own. Nevertheless, in larger international transactions, because of information asymmetry bias, many firms might lose the deal in an international tender without the provision of an export guarantee (Green, 2003). Export-credit service providers create value by assigning a financial weight to a firm's track record. EP involvement and their financial acts are signals to firm's customers that legitimize firms, and these are supported by the state. In more uncertain parts of the world, e.g., Asia or Latin America, firms that have obtained the Finnish State agent financial involvement will have a competitive advantage in bidding. A firm's existence in time (history) and space (localizations and assets) is converted into a trust grade and materialized into a financial transaction option. Value is derived from the guarantee that the monetary transaction will be realized in the future if the contractual conditions are met. Thus, export-credit service providers are timekeepers on two levels, the past and the future, and they help national and foreign firms synchronize their time realities in the present.

2.1.3 A working definition of export promotion

Despite the long history of export promotion since the 1960s and the “economic boom accompanying the reconstruction of Western Europe after the war” (Carlson, 1962; Wright & Ricks, 1970), there is no consensus on a single definition for EP. Therefore, based on a review of previous definitions (Table 3), I propose a working definition of export promotion.

Table 3: Previous definitions of export promotion.

Definitions	Author(s)
“Broadly, export promotion refers to all public policy measures that actually or potentially enhance exporting activity either from a firm, industry or national perspectives.”	Seringhaus (1986, p. 55)
“Institutionalized programs, which can <i>furnish information</i> on exporting, foreign customers and markets, <i>financing opportunities</i> , documentation requirements, customs regulations, transportation facilities, and other related topics [...] provide general information, assistance, and advice.”	(Schmit, Gheeraert, Denuit, & Warny (2011a, p. 27)
Public policy measures which actually or potentially enhance exporting activity at the company, industry or national level.”	Seringhaus & Rosson (1990, p. 3)
“Export promotion programs” [...] public policy measures which actually or potentially enhance exporting activity at the company, industry, or national level (Root, 1971).”	Seringhaus, & Rosson, (1991, p. 5, 56)
“Root’s (1978) definition of foreign economic policy, export promotion is defined as an <i>instrument of commercial policy</i> .”	
“Export promotion or education schemes [...]”	Kedia & Chhokar (1986, p. 13)
“Programs such as trade fairs, trade missions and country-market seminar [...] services [such as] matching information, research, promotion, buyer introduction, and <i>export finance or insurance services</i> ” (p. 396).	
“Government assistance refers to the policies that a government puts forth to <i>help the exporter conduct international business</i> [...] governments can either help or hinder the export process” (p. 4)	Weaver, Berkowitz, & Davies, (1998, p. 4)
“Export Promotion Organization vehicle [sponsored by governments,] through which international business activities are promoted.”	Kedia & Chhokar (1986, p. 13)
“State policymakers <i>encourage</i> small to medium-sized manufacturers to sell overseas as a means of achieving increased employment, expanded tax bases, and consistent capital formation (Eisinger, 1988).”	Wilkinson & Brouthers (2006, p. 234)
“Help small and medium-sized firms in their export activities [...] [through] providing information on the market potential abroad, <i>offering low-cost credit</i> and by passing on knowledge from foreign markets and their customers thereby enabling firms to adjust to that market (Czinkota, 1994)”	Sousa & Bradley (2009, p. 686)
Export assistance can come from three sources: support from the EU, from the government, and from trade associations (p. 690).	
“Around 10% of agencies surveyed [88 in total] are fully private; another 5% are joint public private entities. The bulk of the agencies—62%—are semi-autonomous entities reporting to a Ministry or the Office of the President or the Prime Minister. The remainder—23% of the agencies— are sub-units of a Ministry, and therefore subject to government hiring regulations and pay scales.”	Lederman, Olarreaga & Payton (2010, p. 258)
“Export promotion programs are specific <i>promotion</i> interventions dedicated to promote exports and financed by governments”	Sousa & Bradley (2009, p. 686)
“Export promotion programs [...] <i>facilitate</i> domestic firms’ entry into the export market and support subsequent export sales [and] work mainly as an <i>information</i> depository or a way to share fixed information acquisition costs between exporters.”	Sousa & Bradley (2009, p. 686)

As listed in Table 3, 12 attempts at developing a definition were identified, which produced 10 different definitions. This variety might be due to the diverse characteristics of the literature spanning multiple fields across four decades: marketing, international business, economics, management, public policy, and strategy were the main contributors to the review. No systematic consolidation of these studies across all disciplines has been performed so far, and different methods were used within one field (Biesebroeck et al., 2015, p. 2), which complicates comparisons between studies. Today, more than 35 years later, “there is [still] no universal agreement about the nature or extent of involvement by central government” (Biesebroeck et al., 2015, p. 2).

Nevertheless, based on the literature review, I classify EP activities into two categories, financial and non-financial services, which are initiated or supported by governments and tend to target SMEs. From this definition, I infer that export finance, which consists of export guarantees and export credits, is included in the concept of export promotion. In addition, the definitions of export promotion initiatives are consistently dedicated to encouraging, easing, and enhancing export activities. Hence, in the present thesis, I use the term “export promotion” (EP) to refer to both export promotion and export finance. It is important to mention that “the philosophy of government/private sector interaction in [different] countries differs considerably, as evidenced by their [respective] export promotion policies” (Serinhaus & Rosson, 1991, p. 27) and their “institutional structure” (Pointon, 1978, p. 452). “Some studies have even considered embassies to play the role of an EPO” (Serinhaus & Botschen, 1991, p. 115). Therefore, based on the definitions provided above, I propose a working definition for EP as follows:

Export promotion and finance are among various kinds of export support and services initiated or supported (i.e., financed/sponsored) by governments. EP initiatives are dedicated to raising awareness of export opportunities and encouraging, easing, or enhancing firms’ export activities, primarily, and subsequently promoting firms’ internationalization.

In the next table, I show the variety of the different types of EP services as they were described in the literature.

Table 4: Types of export promotion services.

Quotes	Author(s)
“State governments [...] export promotion [...] <i>major function</i> in this area has always been perceived as a <i>marketing</i> one.”	Posner (1980, p. 45)
“Promotion includes measures, such as tax incentives, technology innovation support, <i>export financing and insurance</i> , trade-aid linkage through multilateral and bilateral channels and [...], marketing assistance.”	Lederman et al (2010, p. 258)
“ [...] creation of awareness of exporting as a growth and market expansion option; the reduction or removal of barriers to exporting; and the creation of promotion incentives and various forms of assistance to potential and actual exporters’ (Serिंगhaus and Rosson 1990).”	Serिंगhaus, & Rosson (1991, p. 5)
“Export promotion activities generally comprise (i) export service programs (e.g., seminars for potential exporters, export counseling, how-to-export handbooks, and <i>export financing</i>) and (ii) market development programs (e.g., dissemination of sales leads to local firms, participation in foreign trade shows, preparation of market analysis, and export news letters) [National Governors’ Association 1985; Lesch, Eshghi and Eshghi 1990]. In addition, program efforts can be differentiated as to whether the intent is to provide informational or experiential knowledge [Singer 1990]. Informational knowledge typically would be provided through “how-to” export assistance, workshops and seminars, while experiential knowledge would be imparted through the arrangement of foreign buyers’ or trade missions, trade and catalog shows, or participation in international market research.”	Rose (2007, p. 26)
<p>“GEP can be divided into indirect and direct services and programmes. <i>Indirect programmes</i> and services include all types of government support that are related to:</p> <ol style="list-style-type: none"> (1) productivity (2) R&D (3) technology and innovation support (4) manpower planning (5) regional and sector development; and (6) fiscal measures such as tax/investment incentive policies at sector and firm level. <p>They are termed indirect because they are not specifically designed for export but could, nevertheless, generate future export benefits.</p> <p>[...] <i>Direct export promotion</i> measures:</p> <ol style="list-style-type: none"> (1) government departments and offices that supply standardized and customized market information and give advice on exporting in general and export marketing in particular (2) programmes which render assistance to firms, ranging from awareness-creating to actual market entry; and (3) programmes which attempt to cover firms’ financial risks through insurance and financing arrangements. <p>The first two groups of measures are aimed at providing and facilitating informational requirements to improve firms’ export competitiveness, and thus relate to export marketing support. The third group of services also assists firm’ export operations, although through financing rather than marketing.”</p>	Kotabe & Czinkota (1992, p. 639)

Quotes	Author(s)		
<p>“Programs may be classified into four categories, namely export information and advice, production planning and marketing support, and finance guarantees.”</p>	<p>Kotabe & Czinkota (1992, p. 639)</p>		
<table border="0" style="width: 100%;"> <tr> <td style="width: 25%; vertical-align: top;"> <p>Production planning and support</p> </td> <td style="vertical-align: top;"> <ul style="list-style-type: none"> • product development and listing • product modification, and advice • production planning </td> </tr> </table>	<p>Production planning and support</p>	<ul style="list-style-type: none"> • product development and listing • product modification, and advice • production planning 	
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<table border="0" style="width: 100%;"> <tr> <td style="width: 25%; vertical-align: top;"> <p>Export information and advice</p> </td> <td style="vertical-align: top;"> <ul style="list-style-type: none"> • export information and advisory services to intended/inexperienced exporters </td> </tr> </table>	<p>Export information and advice</p>	<ul style="list-style-type: none"> • export information and advisory services to intended/inexperienced exporters 	
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<table border="0" style="width: 100%;"> <tr> <td style="width: 25%; vertical-align: top;"> <p>Education and training</p> </td> <td style="vertical-align: top;"> <ul style="list-style-type: none"> • seminar and workshops • mentor programs • newsletter, updates/reports </td> </tr> </table>	<p>Education and training</p>	<ul style="list-style-type: none"> • seminar and workshops • mentor programs • newsletter, updates/reports 	
<p>Education and training</p>	<ul style="list-style-type: none"> • seminar and workshops • mentor programs • newsletter, updates/reports 		
<p>“[government assistance] help by providing information, sale leads, tax incentives, insurance, and financing programs.”</p>	<p>Weaver, Berkowitz, & Davies, (1998, p. 4)</p>		
<p>“Two of the most effective programs are trade <i>shows and trade missions</i> (Serighaus & Rosson 1989; NASDA 1994).”</p> <p>“Trade shows take place at fixed locations overseas. They consist of multiple booths in a convention hall in which firms exhibit their products anywhere from two days to two weeks (Tanner 1995, p. i).”</p> <p>“Trade missions are led by export promotion professionals who arrange individual or group meetings between buyers and sellers at appropriate overseas locations (Jaramillo 1992, p. 31).”</p>	<p>Diamantopoulos et al. (1993, p. 6)</p>		
<p>“Four main activities [were considered]: 1) country image building; 2) export support services [<i>non-financial only: information on trade finance, pricing</i>]; 3) marketing; and 4) market research and publications.”</p>	<p>Lederman, Olarreaga, & Payton (2010, p. 259)</p>		
<p>“The type of export promotion programs can be:</p> <ul style="list-style-type: none"> -direct promotion programs: trade missions, sponsored foreign trade shows -information programs -programs to support companies starting to export -consultancy programs -foreign trade offices -<i>investment support</i>: to create production/sales subsidiaries.” 	<p>Naidu, Cavusgil, Murthy, & Sarkar (1997, p. 117)</p>		

My review of the different purposes for EP (Table 4) unveiled three levels of action for export promotion initiatives (i.e., micro, meso and macro) for individuals “to improve the ability of managers” (Freixanet, 2012, p. 1074), for firms to motivate, assist, and introduce their products abroad, and for the country “to increase employment [and] tax revenues and reduce the nation’s trade deficit” (Freixanet, 2012, p. 1074). Previous authors who reviewed the extent of EP tools have also

uncovered this diversity across developing countries (Gray, 1997, p. 395). Regarding EP types, I suggest that they can be classified into two categories, direct and indirect, with direct being monetary and the indirect being non-monetary. In Table 5, I list several purposes and roles endorsed by EP services.

Table 5: Purposes and roles of export promotion services

Quotes	Author(s)
“Government involvement, [...], is in <i>providing some “offset”</i> , through a wide range of back-up services, to the inconveniences and problems of <i>international trade</i> .”	Kotabe & Czinkota (1992, p. 639)
“Within the marketing context, the essential goal of state export promotion programs seems to be educational: training companies to sell their products abroad. [...] The aim seems to be to <i>lead a firm through its first overseas export transaction</i> so that the firm then can act on its own.”	Posner (1980, p. 45)
“... export incentives in order to stimulate the economy and to <i>earn foreign reserves for servicing debt interest and amortization</i> .”	Christensen, Da Rocha, & Gertner (1987, pp. 62–63)
“The role of government incentives on export performance is not yet clear.”	
“Export marketing assistance [...] must be perceived as capable of <i>enhancing a firm’s knowledge</i> and of overcoming particular export marketing problems.”	Seringhaus (1987, p. 27)
“Export promotion programmes attempt to <i>influence the firm</i> in three phases. In phase one, companies should be motivated to become involved in exporting through awareness of opportunities and advantages to be derived from pursuing such opportunities. Awareness of the existence of support programmes also falls within the scope of this phase. In phase two, companies’ needs relative to export involvement must be understood and met by assistance programmes in an effective manner. This means providing the right information to the right firms at the right time. This involves [...] various services that assist in the planning and preparation of the export involvement process. Information-facilitating services, which aim at improving managerial expertise and knowledge through learning and experience, are equally as important. The third phase generally addresses the process of introducing a firm’s products in a foreign market. This is a more intensified extension of activities of the second phase described above. Information and knowledge acquired through learning and experience is the most critical part of a company’s export-related needs.”	Seringhaus & Rosson (1990, p. 33)
“The goals of export promotion are often stated as to ‘... encourage companies to expand the number of countries to which they are exporting...’ (External Affaires, 1983, p. 158).”	Seringhaus (1990, p. 251)
“Specific goals are (i) to develop a broad awareness of export opportunities and to stimulate interest for export in the business community, (ii) to assist firms in the planning and preparation for export market involvement, (iii) to assist firms in acquiring the needed expertise and know-how successfully to enter and develop export markets, and (iv) to support such foreign market activity tangibly through organizational help and cost-sharing programs.”	Seringhaus & Botschen (1991, p. 117; p. 129)
“Export support, as pointed out earlier, is largely aimed at enhancing skill and expertise in the firm.”	
“Export promotion efforts are intended to help increase job opportunities and tax revenues for the states, and indirectly <i>reduce the nation’s trade deficit</i> .”	Belloc & Di Maio (2011, p.12)
“Export promotion services should be seen as a resource to business for <i>enhancing its international competitiveness</i> . [...] is intended to improve the	Pointon (1978, p. 451)

Quotes	Author(s)
international competitiveness of domestic firms and thus the <i>country's trade balance</i> ."	
"[They] aim to speed up the <i>internationalization process</i> of managers [...] to improve the ability of managers to overcome trade barriers and/or resource constraints through the development of more effective strategic alliances and/or distribution partnerships and networks [Cavusgil and Zou, 1994]."	Kotabe & Czinkota (1992, p. 639)
"Export Promotion Organizations have a mission 'to <i>foster exports and attract foreign direct investment</i> '."	Diamantopoulos et al. (1993, p. 5)
"Export promotion organizations (EPOs) aid local business communities to <i>market their products better</i> in the international marketplace."	Gray (1997, p. 395)
"... a means of achieving increased employment, expanded tax bases, and consistent capital formation [Eisinger, 1988]."	Gillespie & Riddle (2004, p. 462)
"They help firms to learn about foreign demand for their products, establish relationships with importers, identify promising new distribution channels, and overcome administrative or trade frictions such as customs procedures and differences between domestic and foreign regulations or product standards".	
"The main objective pursued by 60% of the agencies surveyed is to increase aggregate exports, no matter which sector or how big or small the export volumes. The EPA 'help[s] exporters understand and find markets for their products'."	Lederman, Olarreaga, & Payton (2010, pp. 257–259)

Regarding EP's purposes, as described in the literature, I found that the emphasis is placed on the awareness and education of firms through information and knowledge about exporting, foreign markets, and customers to promote IB activities and encourage firms to sell abroad. However, I have highlighted the fact that the topics of finance and financing types have been neglected, and the details have been limited to vague categories, such as the tools supporting firm's international investments, such as export credit (Biesebroeck et al., 2015). This can be explained in part, at least, by the fact that in the 1960s and 1970s, the research in IB focused on mainly marketing, and to a lesser extent to financial functions (Wright & Ricks, 1994). From the previous literature reviews of EP research (Kotabe & Czinkota, 1992; Seringhaus, 1986) it occurred to me that the predominance of studied anchored in the field of marketing has persisted.

The researchers who conducted literature on EP have also emphasized the impact (or effectiveness) assessment, the results of which, I found, remain inconclusive. Part of the problem is the use of research designs without an appropriate control group (Diamantopoulos et al., 1993; Faroque & Takahashi, 2012; Posner, 1980; Seringhaus, 1986). However, in internationalization strategies, one size does not fit all; many dimensions are influencing factors: the culture, the legislative and political institutions, and the maturity of the economic sector (Seringhaus, 1986). I have summarized in Table 6 below the various dimensions that should be taken into consideration when designing an internationalization strategy.

Table 6: Different ways to delineate and target client firms for EPOs.

Stage of internationalization	<ul style="list-style-type: none"> • non-exporter • export intender • sporadic exporter • regular exporter
Firm size	<ul style="list-style-type: none"> • number of employees • annual sales revenue (small, medium, large)
Ownership	<ul style="list-style-type: none"> • public • private
Type of firm	<ul style="list-style-type: none"> • manufacturing • service • trade (wholesale, retail, establishments)
Industry/product (SIC)	<ul style="list-style-type: none"> • machine tools • food processing • computer software • medical equipment, etc.
Target export destinations	<ul style="list-style-type: none"> • North America • South America • European Community • Middle East • Pacific Rim, etc.
Needs/assistance	<ul style="list-style-type: none"> • financial assistance • marketing research assistance • human resource assistance
Managerial attitudes towards exporting	<ul style="list-style-type: none"> • unfavorable • moderate • favorable
Firm internationalization strategy	<ul style="list-style-type: none"> • willingness • capabilities • goal

Amended from Naidu, Cavusgil, Murthy, & Sarkar (1997, p. 116), with the firm internationalization strategy.

My review of the existing literature shows that export promotion agencies have different ways of segmenting their offers, as illustrated in Table 6 above. I have updated the original table from Naidu et al. (1997) with the three micro-endogenous factors of the firm internationalization strategy, as I described in my thesis. I propose to characterize customers' strategy under the three aspects of willingness, capabilities, and goal identification, synchronization, and (re)alignment through time. My new way of sorting customers would benefit export promotion service providers as it would simplify numerous ways to delineate and target client firms without losing the details of previous categories, i.e., an envelope.

Therefore, I can complement the previously stated EP working definition:

Possibly segmented (preferably tailored-made) non-financing and financing services are initiated or supported (i.e., financed/sponsored) by governments and tend to target SMEs. EP initiatives are dedicated to raising awareness of export opportunities and encouraging, easing, or enhancing firms' export activities, primarily and subsequently, to attract FDI.

I focus on the financing and non-financing dimensions of EP to encompass and stress the role of these financing services instead of concentrating exclusively on the marketing side of EP.

2.1.4 Analysis of the export promotion literature as a grounding for theoretical development

The export promotion literature lacks theoretical development (Gillespie & Riddle, 2004). Since my understanding of export promotion's ultimate purpose is to support firms' internationalization, I first reviewed the theoretical content of the export promotion literature to use it subsequently as a basis for comparison and as a grounding point of departure.

2.1.4.1 Theoretical grouping analysis of the export promotion literature

I conducted a chronological analysis, in the like of Wyatt (1972), (see also the keywords for data collection and method page 159), to compare internationalization theories with those used in the EP literature. From the review of a panel of articles collected during the first phase of this research, I found that four groups emerged and that some of the references may belong concurrently to several groups. The sorting into groups came from the rationalization of the collective content collected and gathered. Out of 28 articles (in the final selection), I sorted 19, which focused solely on the export dimension. The other nine studies had a larger scope of analysis, focusing on either international extension, internationalization, or FDI. Of these studies, that five were literature reviews using mainly the firm unit of analysis, and four were quantitative studies using mainly the individual managers and the firm as the unit of analysis. In the first group, published from 1964 to 1986, the selected articles had no theories and few or no references. I considered my first grouping to be an initial intuitive period led by the researcher's intuition or gut-feelings. I found five papers in four different journals, two of which were published in the *Journal of World Business*. The articles dealt exclusively with export performance and assistance. I suggest that the contribution of this group is to include non-exporters in

the studies and consider various dimensions of assistance, mainly based on the users' perception (i.e., awareness, perceived need, requested/used/offered assistance, and expected benefits), but they did include managers' criteria. I could also observe methodological improvement within this group. For instance, the last reference (Pointon, 1978, p. 451) is a combination of two previous studies included in the review (Czinkota & Ricks, 1981; Simpson & Kujawa, 1974).

My second group, published from 1972 to 2012, included papers using traditional macro- and meso-economic theories. I labeled the second grouping as: "IB scholars in search of models and inspirations". The particularity of this group is that the authors cited as references articles using a wide variety of theories, which I mapped in Table 7.

I found seven articles in six journals, two of which were published in the JIBS. Two references are general or literature reviews (Acs, Morck, Shaver, & Yeung, 1997; Wright, Westhead, & Ucbasaran, 2007). The second is particularly appropriate, as it mentioned the emergence of IE theories, which concentrate on the process analysis of firms' knowledge accumulation, whereas traditional theories mainly focused on the firm unit of analysis. Both reviews mentioned the transaction costs theory and emphasized the role of financial markets and institutions in facilitating access to finance by putting together "people with no money but ideas and people with ideas but no money" (Fernández-Ortiz & Lombardo, 2009). However, one configuration is missing: people with ideas and money enough to take action (see Essay 3).

In the third group, published between 1977 and 2012, the articles were focused on stage theories, especially the UM. It is the larger group, with 15 references in six different journals (and one book chapter). The JIBS was the main source (six articles). I have suggested that this group be identified as "in search of a mentor to follow or to defeat." Notably, half of the articles either criticized or challenged the UM:

- Against the incremental model and FDI as the entry mode (Eriksson et al., 1997, p. 338).
- Need to account for firms' differences in different stages (Acs et al., 1997, p. 9).
- Should informal and unsystematic knowledge accumulation be integrated (Reid, 1984).
- The stepwise process of internationalization is seldom the rule (Yang, Leone, & Alden, 1992).

- Not a universal model in a globalized environment, i.e., born globals and international new ventures (Faroque & Takahashi, 2012; Fischer & Reuber, 2003).
- Lack of explanatory power, testability, overly simplified, out of date, and focused on export decisions rather than on-going export strategies (Wilkinson & Brouthers, 2006).

Most of these criticisms were addressed by the authors of the UM in a later paper (Johanson & Vahlne, 2009).

In the third group, my analysis revealed that the stage model has been the most widely used (Johanson & Vahlne, 2009). In the references analyzed, the UM served to segment and investigate export firms' variations in needs according to their respective level of international commitment. From my literature review, it is noteworthy that despite its disputants and their acknowledgment of the born globals and international new ventures phenomenon, "no studies have investigated the need of such firms and the impact of assistance on their performance" (Johanson & Vahlne, 2009, p.1414). Wilkinson and Brouthers (2006) also found earlier that firms in the same internationalization stage, do not necessarily require the same services.

Finally, I described a fourth group, published between 1968 and 2012 whose authors were mainly involved with opportunity recognition, strategic choice theories, and the revisiting of rationalization. My fourth sample included six references in two different journals and one book chapter; three were published in the JIBS. Two pioneering studies (Lee & Brasch, 1978; Simmonds & Smith, 1968) defined the initial export as an innovative strategy and investigated decision-making in adoption process, a view also supported by Faroque and Takahashi (2012, p. 18). Simmonds and Smith (1968) emphasized the role of change agents (unsolicited export order/public support) in initiating innovation, suggesting that the opportunity is recognized reactively. Lee and Brasch (1978) challenged this concept based on Campbell's (1966) review of the traditional innovation adoption model (Beal & Bohlen, 1957, as cited by Campbell [1966]), which is composed of a series of stages (i.e., awareness, evaluation, trial, and evaluation). It was also suggested that individuals make rational strategic choices (Reid, 1984) always initiated by an actor aware of its decision. Campbell proposed an alternative wherein the adoption decision process can be either rational or non-rational. Alternatively, innovation opportunity awareness might also be passively formed from, for example, the support of governmental agencies (Campbell, 1966). Lee and Brasch (1978) found a dominance of the non-rational adoption process in firms and that 30% of export decisions are due to problem-recognition, such as a long-term proactive corporate desire to expend its market. A third article (Reid, 1984) criticized the UM for using the firm unit of analysis and overlooking its context. In response, Gray (1997) used

managers' behavior as the unit of analysis to target export promotion support. They suggested that managers' behavior and opportunity recognition capacity relate to their cognition. Two references were general or literature reviews (Reid, 1981; Faroque, 2012). The first one interestingly raised the emergence of a behavioral approach to export decision-making that came from the conflicting views on the export process and critics of the UM. He proposed an information-processing approach (used by the decision-maker) to export activities, viewed as innovation adoption behavior (Reid, 1984). Ganotakis and Love (cited by Gray, 1997) proposed bridging the gap between the IB and IE literature with the theoretical development of the human capital theory (Becker, 1964). IB is concerned with success factors related to entering international markets, and IE focuses on the nature of the human capital needed for such goals, among others. Their conclusions make a distinction at the level of human capital acquisition through experience or education; with the former affecting the decision to become an exporter and the latter enhancing export performance. In the second literature review, the author explored the outcomes of export assistance at the firm level. It presented opportunity as an active search by the firm. This proactive behavior could be the result of their risk-taking propensity, which is possibly encouraged or initiated by market information obtained from export management assistance (Reid, 1981, p. 109).

2.1.4.2 Visual summary of the theories used in the EP literature

Through the review of the EP literature presented above, I mapped the range of existing theories. The results are presented in Table 7, which summarizes the theories used, along with the units of analysis. This enabled me to identify gaps where new theoretical content or opportunities to further develop emerging trends could be developed.

Table 7: Theories in the export promotion literature.

<u>THEORY</u>				
[7] MACRO	[0]	[0]	[1] OT+IT [2] IT [1] IOT	[1] ITT [2] NT
[1] MACRO +MESO	[0]	[0]	[1] IT+RBV	[0]
[25] MESO	[0]	[0]	[1] ST+UM [9] ST [3] UM* [4] RBV [2] TCA [1] PMT [1] LDT* [1] MF	[1] ST [1] AIT [1] MF
[2] MESO+ MICRO	[0]	[1] ST+ BT*	[1] RBV+BT*	[0]
[14] MICRO	[4] BT [1] IE [1] ORT	[0]	[6] BT* [1] IE	[1] IE
[49] ----- N=64	[6] MICRO (individual)	[1] MESO +MICRO(firm +decision maker)	[35] MESO (firm)	[7] MACRO (country, network, program)
<u>LEVEL OF ANALYSIS</u>				

Acronyms (p140); n=49 (15 articles, from the N=64 retained, out of an initial sample of 186, were not included due to no/few theories); * Process data studies (longitudinal or time series)

The sample n consisted of 49 papers. As can be observed in Table 7, the theories (vertical axis) were sorted according to the units of analysis (horizontal axis). These units were identified as micro for the individual, either the manager or the decision maker (CEO, leader) of the firm. The meso unit was at the firm level, and the macro unit was at the institutional or country level. Most of the studies (35 articles) used the meso unit of analysis, which was the firm level. Among these studies, the researchers studied the firm using meso theories (i.e., theories designed to explain the firm unit, used in 25 papers), micro theories (7 papers), macro theories (4 papers), or a combination of meso-micro (1 paper) or meso-macro (1 paper). The most important details about these papers are included in Essay 1 at the end of this thesis.

2.1.4.3 Four hypotheses about the shortcomings in the EP literature

Starting from the observation that the export support literature contains controversial results, I proposed four hypotheses to explain the shortcomings: (1) wrong conceptualizations, (2) wrong units of analysis, (3) misleading segmentation, and (4) methodological shortcomings.

- (1) Regarding the wrong conceptualization hypothesis, through my chronological review, I revealed that IB scholars have been engaged in a dynamic trend of constant revision and improvement of their theoretical content, in line with the historical evolution of their environment. I found that EP followed a path similar to the more general IB literature from which it emanated. The theories went from a macro-economic level and static models, with the firm seen as a unit of production, to the current micro-economic level focus and internationalization viewed as a process, where the firm is described as a business unit (Faroque & Takahashi, 2012, p. 18).
- (2) Considering the hypothesis that wrong units of analysis have been used, the criticisms of traditional theories, especially those targeted toward the UM, as it is the main theory used in studies of export support evaluation, are of concern. It was found that theories mainly focused on the firm unit of analysis, whereas IE concentrated on the process analysis of firm knowledge accumulation (Faroque & Takahashi, 2012; Ganotakis & Love, 2012; Wright et al., 2007). As stated by the opportunity and strategic choice theories, individuals make decisions (Dunning, 2004; Johanson & Vahlne, 2009; Vahlne & Johanson, 2013; Bilkey & Tesar, 1977). I propose that some other units of analysis could be used to target public support for the international development of firms and could involve managers' behavior and human capital or venture into a new market (Ganotakis & Love, 2012).
- (3) Regarding my hypothesis of misleading segmentation, it is based on my practical experience that export support institutions usually classify firms based on a division of firms' stages of the exporting process. If supporting institutions were to change the unit of analysis of their selection criteria from the firm to the manager, this classification would be unsuitable. Therefore, IE theories that focus on adoption decision behavior and consider exports an innovation strategy (Ganotakis & Love, 2012) provide promising classification alternatives: (i) rational versus non-rational strategic choices (Cavusgil & Zou, 1994); (ii) opportunity recognition (Anokhin et al., 2011; Autio, 2005; Kirzner, 1973; Sarasvathy, Valamuri, & Venkataraman, 2003) versus creation (Autio, 2005; Lee & Brasch, 1978; Simmonds & Smith, 1968), or (iii) reactive versus proactive behavior. However, in the present research, my purpose was not to

challenge the existing research but to consolidate it. Therefore, I departed from the most used unit of analysis, which would enable such integration (i.e., the firm).

- (4) As for the methodological shortcomings, the review found very little diversity in methods; indeed, in 62% of the articles, quantitative methods were used with data collection based on surveys, all of which were cross-sectional. Many authors have mentioned that the use of longitudinal studies should be preferred, but few examples are found in the literature on export support. Three studies not included in the review but related to the secondary literature can be mentioned here as examples of longitudinal approaches that could be followed (i.e., Crick & Czinkota, 1995; Seringhaus & Rosson, 1998; Spence, 2003). The argument for longitudinal studies is that the effect of export support will only appear after a period of time during which the firm will first internalize the service. In some countries, such as Ireland and Canada, cost-benefit analyses (CBA) have been conducted in the past, but according to Pointon (1978), it “has an exceptionally high probability of proving very expensive, time-consuming, subjective, unrealistic and controversial” (p. 452).

Furthermore, in the current research, I observed that there is very little theory (explanations) about EP and how their support generates effects; most of the research is empirical. This is why my research is trying to theorize EP. One of the reasons for this lack of theoretical development could be methodological, i.e., using the case study design would enable the development of novel theory, yet it is also time-consuming. Thus, preference is usually given to the search for a ratio to measure an ideal setup of controlled return on investment: “a quantitative—not qualitative and highly subjective—measure of benefit expressed in money terms is desirable” (Pointon, 1978, p. 452). A systematic quantitative evaluation, if not impossible, is not possible in the current state of the data available to researchers.

This issue has several degrees of explanation. At the state level, financial accounting data are usually only available for the past five years; however, some countries track firms’ activity more systematically, such as Finland. Some IT systems are designed to enable only one search per project and are not flexible enough to retrieve and track data at the aggregated (macro) level. Furthermore, the registered data usually only cover either the non-financing or financing service(s) provided and not the overall business activity of the firm, so some data might be missing, such as the firm’s turnover, number of employees, and export share over several years. At the international level, almost no studies have collected multicountry samples (e.g., Pointon, 1978). This could be due to comparability challenges (e.g., the definition of SMEs is not the same from one country to another, and firms’ accounting processes might differ). Furthermore, if a cross-country

survey is considered, the same collection methodology should be used across all countries, which would require resources that only large supranational institutions could afford to provide.

There are some ways to address these shortcomings. First, regarding access to data, gaining broader or easier access to the required data requires time. Producing a longitudinal design or implementing a non-invasive (to individuals' privacy⁷) monitoring system will require the coordination of institutional efforts. For research purposes, other methods are suggested for IB scholars, including observation, case studies, and experimental designs (Pointon, 1978, p. 451).

2.1.5 Understanding export promotion in practice

Regarding the practicality of obtaining EP financing, such as export guarantees, the mechanisms are country-specific. Based on the author's readings (of previous studies) and experience⁸, in OECD countries and in countries with a national EP system, when a goal is defined (e.g., to answer a call for proposals or to issue a tender), an SME first contacts its private commercial bank. The firm introduces the nature of the project with all related financial indicators and projections: revenue, growth plans, investments, operational costs over time, cash flow, break-evens, return on investments, and risk assessment. In internationalization projects, such as exports, local national banks typically view them as too risky for their percentage margins and are unwilling to finance. However, the time spent presenting the project to the bank creates value for the firm in further structuring the project. Then, the EP insurance system allows commercial banks to make a case for a guarantee from an export credit agency (ECA); in Finland, the official ECA is FINNVERA. In this additional step, the insurance financial institutions will help the firm clarify certain points that might have been overlooked and strengthen its case. Furthermore, based on the ECA's anticipation capabilities from historical experience and anonymous aggregated track records of other customers, the ECA evaluates the firm's likelihood of success. If this likelihood reaches the threshold ratio, the ECA takes the risk. Thus, a private bank provides financing, while the transaction is backed by the state, when the services of an official ECA are used. In such transaction-backed cases, the amount financed by the commercial bank is covered up to 90–95% to ensure that the

⁷ This is ensured by bi-directional trust and commitment over extensive periods of time (i.e., *Footnote 10*).

⁸ The author's knowledge was acquired in two phases and 8 years, from the official Finnish Export Credit Agency, FINNVERA: three prior years of observational research, followed by five years into the practical dimension of the research topic.

bank has some skin in the game (Taleb, 2012) and will make reasonable decisions about their potential losses.

Regarding SMEs, EP organisms can also provide external consultants and subsidize their tools so that these firms have a lower threshold entry to use services in the earlier steps, and to develop their plans and actions. For instance, some EPs provide a support function to develop the business plans, the operational plans, or to get ready and prepare for the task (e.g., international market research, networking). In this process, the funding application is developed; thus, the competence of the entrepreneur is increased.

Finally, regarding the digitalization of the banking system, larger or more mature SMEs specifically seeking external financing solutions (to cover or complement a lack of cash flow) for their international transactions have several advantages when going to their domestic financial institutions, beyond potential lower costs. If the costs were hypothetically even for all countries, firms with a long-term approach might consider it less risky to utilize local financing solutions. Indeed, all applications require the disclosure and transfer of information that firms would prefer to keep on IT servers located in their own countries due to both security and environmental considerations (e.g., to better control their digital carbon footprint and for externality neutralization).

2.2 Study of the finance (O-specific) factor in international business

In this research, I focused on the financial dimension of international business, especially how firms engage in the internationalization process since it is a less researched dimension in the IB literature. I decided to take a closer look at exports since it is one step within the internationalization process that firms use at some point in their development. Thus, I was interested in export promotion. Internationalization can also include financing and risk-management strategy (Cavusgil et al., 2020; Dang, Jasovska, & Rammal, 2020); hence, the articulation of EP and finance represents a rich research axis in IB (Bowe et al., 2010; Carlson, 1962, 1969).

2.2.1 Finance O-specific factor: internationalization explained as a finance and risk management strategy

From a practical viewpoint, it seems that no business happens without a link to finance. This is exemplified, for instance, by the global repercussions of the 2008 financial crisis, which was obviously international, as no country was spared (Demirguc-Kunt, Martinez-Peria, & Tressel, 2015; Sheburne, 2010). It is therefore surprising that the financial dimension remained, to a certain extent, neglected in IB, as we will show in the present thesis. In Dunning's (2000) OLI framework, the specific factor of finance can be either an ownership factor in the form of a financing resource or a financial strategy for a particular activity (Dunning, 1988a). Thus, Dunning mentioned these two types of ownership advantages as: one resulting from the asset possessed (finance), the other from the capability to finance (a learned capability on the organizational level). The first is structural and static, while the other is transactional and dynamic. From this distinction, we observe that, in the second case scenario, financing can be a transferable firm-specific advantage that enables internationalization. Beyond the amount of finance factor, the internationalization success of firms could be analyzed through the firm's financing history as several years of learning and/or a number of applications filled. In this thesis, we consider finance an ownership factor since we are interested in the total activities of the firm (Dunning, 1988b), and we are interested in both static and dynamic finance ownership.

In theory, the finance-ownership capacity could be transferred abroad by MNEs (e.g., Nokia's acquisition in France). In the case of export promotion, although there are similarities in the structural forms of the service providers' tools, access to finance-ownership will be hindered by time efficiency. For instance, there are local divergences in language, website structure navigation, attachments needed, and required formats. These minor elements, when combined, can make a significant

difference in energy and motivation when applying for export finance and in an application's success. Although the local network's contact points can be helpful,⁹ this dimension cannot be transferred abroad.

Regarding firms' strategies in general, Naidu and Rao (1993, pp. 86–87) underscored the possible role of finance: "Strategies could be affected by the financial constraints faced by the firm." However, well-managed and anticipated financing resources will reduce a firm's exposure to risk "without changing the firm's strategy" (Miller, 1992, p. 320). Bowe, Filatotchev, and Marshall (2010, p. 435) researched the role of available financing, especially the working capital and liquidity of MNEs' foreign subsidiaries, in attracting foreign customers. They mentioned that intense competition in export strategies forces firms to offer financing solutions to their customers to ensure the payment of their exports (i.e., through export credits and guarantees), in other words, to mitigate the 'risk of non-payment.' Thus, aspiring, and successful MNEs or those seeking exporters need to have an appropriate financing strategy to anticipate and manage risks. In the context of their internationalization, EP, export credit guarantees, and insurance are well-established, standard tools firms can use in a risk diversification strategy.

In the IB literature, risk management has not been the primary focus. As expressed by Figueira-de-Lemos, Johanson, and Vahlne (2011), as well as in a recent article published in the *Journal of World Business* (Cavusgil, Ghauri, Bamiatzi, Park, & Mellahi, 2018, p. 1), managers have prioritized other factors such as money and time, or political and economic country risks of internationalizing firms, or also the firm's strategy regarding financial capabilities and goals. However, internationalization can be conceptualized as an evolutionary adaptation process (Santangelo & Meyer, 2011, 2017) of globalization and as a risk management strategy (Nguyen & Almodóvar, 2018), with risk and uncertainty being consequences of globalization. This is exemplified by the "wait-and-see" strategy described by Clarke and Liesch (2017).

Clarke and Liesch (2017) noted the importance of including uncertainty and risk management in the internationalization process of firms and proposed that firms might adapt their risk strategy (tolerance) according to the risk perceived in the specific situation. They also analyzed the influence of decision makers' risk behavior on firms' international commitment and proposed that firms (i.e., their decision makers) adapt their strategies according to the level of risk perceived and their

⁹ Since the purpose of EPO is to help local firms, they can be considered a dimension of national attachment to a specific firm's origin, which would influence the network's willingness to help or at least influence the network's prioritization in which firms to help first. This time dimension, in terms of the access to information or to a specific type of service, can be of critical importance in answering international bidding.

tolerance level. They explain why it is important to account for this individual dimension in internationalization models and to apply it to revising the Uppsala internationalization process (IP; Johanson & Vahlne, 1977). They provided an updated version of the model that incorporates four dimensions of risk (i.e., propensity, existing, perception, and tolerance) and stated that risk-omission is the main limit of two of the other most frequently used IB models (aside from the IP model): the eclectic paradigm (OLI; Dunning, 1977, 1980, 1988b, 1988a) and the transaction cost theory (TCT; Williamson, 1981, 2005). According to Clarke and Liesch (2017, p.926), by neglecting the decision unit of analysis, “OLI and TCT, although they accounted for the aspect of risk in international decisions, overlooked certain aspects of risk management i.e., the operational risk tolerance of the firm and its existing level of risk acceptance.” Through the services from EP organisms and the use of EP tools, firms can leverage their risk tolerance. Risk acceptance is also linked to the individual level of the decision maker, which needs to be accounted for in the process.

As a final word, firms are, like the humans that make them¹⁰, risk adverse (Kahneman, 2011) by default of organizations learning in foreign exchanges (Aharoni, 2010). They prefer the devil they know rather than assuming a risk where odds are difficult or impossible to calculate¹¹; this is, by definition, the difference between risk (as known rational probabilities) and uncertainty (unknown probabilities). Since information to make an evaluation is not always available, as a general rule, whether it is risk or uncertainty is not a decisive matter as long as the process enables a firm to take minimized risk actions. Thus, the internationalization process should imply anticipation through a financing and risk management strategy (Carlson, 1969).

2.2.2 Defining finance in international business

Since the current research combines export promotion non-financial services with export finance, it is important to disentangle the different notions encountered in the literature around finance in IB. Figure 3 illustrates how export finance differs from trade finance/international finance and export promotion.

¹⁰ A firm is a group of individuals (Cyert & March, 1963) tied together by the existence of an employment contract (Forsgren, 2008).

¹¹ The Ellsberg paradox in Ellsberg, D. (1961), “Risk, ambiguity and the savage axioms”, *Quarterly Journal of Economics*, Vol. 75 No. 4, pp. 643-669.

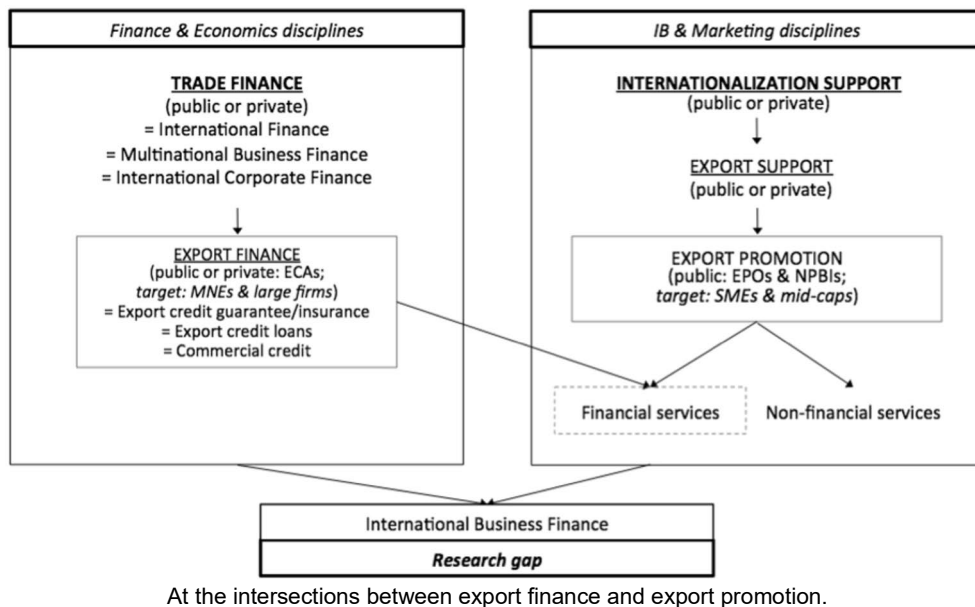


Figure 3: Positioning international business finance.

Figure 3 positions international business finance as a research gap between research focused on export finance (which belongs to IB finance and is located at the intersection of the disciplines of finance and economics) and research focused on export promotion (which belongs to the disciplines of IB and marketing). I placed trade finance (Auboin & Meier-Ewert, 2003) on the top-left side of the figure. Some synonyms for this term are international finance (Carlson, 1969; Lassard, 1983), multinational business finance (Eiteman & Stonehill, 1973), and international corporate finance (Beck, Demirgüç-Kunt, & Marksimovic, 2005).

Trade finance “is the basis on which the large majority of world trade operates, as there is generally a time-lag between when goods are produced, then shipped and finally when payment is received” (Auboin & Meier-Ewert, 2003, p. 1). For a typology of trade-finance instruments, see Auboin and Meier-Ewert (2003, p. 2). Trade finance is subdivided into private and public trade finance. According to Auboin and Engemann (2014, p. 5):

Export credit insurers, both public and private, provide insurance on trade credits, thereby reducing the commercial and political risk for trading partners. Insurance may apply to bank-intermediated trade credit, i.e., letters of credit and the like, and inter-firm trade credit, e.g., suppliers and buyers’ credit. In the case

of inter-firm credit, the export credit insurer guarantees to indemnify an exporter in case the importer fails to pay for the goods or services purchased. In return, the export credit insurer charges the exporter a premium. In the case of bank-intermediated credit, the export credit insurer would relieve the importers' and the exporters' bank from some of the commercial risk involved in the transaction.

Public institutions (i.e., central banks, regional development banks, and ECAs) developed public trade financing to fill the market gap of private trade financing for long-term transactions (i.e., the riskiest ones). Therefore, risk management could be considered the main purpose of trade finance.

Within trade finance, I place export finance (Auboin & Engemann, 2014; Auboin & Meier-Ewert, 2003; Eiteman & Stonehill, 1973; Holden, 1989; Richard-Mounet, 1985). When searching for the term export finance in Google Scholar, the results returned primarily referred to trade finance; I found very few publications mentioning the term export finance in their titles (e.g., Letovsky, 1990; Stephens & Smallridge, 2002).

Export finance can be examined as an export-related risk management tool. EF instruments consist of either financing solutions, such as export credit loans, or risk coverage, through export credit guarantees or insurance (Letovsky, 1990). For an overview of the EF programs available for international business activities, see the OECD Scoreboard (OECD, 2012, 2015, 2016, 2017).

Finally, I mentioned in the previous section that EF is a component of export promotion services, where export promotion programs can provide information and specific research about the market, networking contacts to find potential buyers, and risk management services in the form of export credit or insurance. Accordingly, export promotion can be subdivided into financing and non-financing services, and EF meets the criteria for export promotion in the latter's form of financing services.

In Essay 1, I compared five European countries: France, Sweden, Germany, Finland, and Austria. Based on information collected on the Internet, I created an empirical map of their export promotion services. Overall, these five countries and their related EPO institutions cover classic financing and non-financing tools. Regarding the comparability of these services as a whole, they are too diverse to be compared. However, they do have some comparability, as they offer a large basis for similar services with seemingly similar purposes. From my study of five countries' EP services (essay 1), I concluded that: comparisons must be performed when considering new specific tools.

2.2.3 Finance as a research gap in the field of international business

The topic of the financial dimension in IB is relevant since, despite its indisputable role, finance still represents a gap in IB (Bowe, Filatotchev, & Marshall, 2010; Nguyen & Almodóvar, 2018). Agmon, in an article published in the *Journal of International Business Studies* (2006), mentioned that finance represents an important component in IB practice and sought to draw the attention of IB researchers. For Auboin and Meier-Ewert (2003), trade expansion requires sources of financing that are trustworthy, adapted to firms' needs, and provided at reasonable costs. This is illustrated by Sweden's transition from an importing economy to a capital-exporting country after World War I, as it was heavily reliant on long-term loans from the government to finance export credits (Carlson, 1969). However, the situation of Finland was quite different due to its war indemnities with the USSR. EF especially played a major role in the recovery of export transactions in the aftermath of the 2008 financial crisis (Brennan, 2011). Indeed, although some of the best-performing firms failed to survive the crisis (Santangelo & Meyer, 2017, p. 1120), finance has remained a neglected dimension in IB research (Bowe, Filatotchev, & Marshall, 2010; Nguyen & Almodóvar, 2018).

The initial research program for IB, as defined by one of the precursor contributors to the field's foundation, Carlson (1962), also included IB finance, EF, and EP. Carlson's book *International Financial Decisions: A Study of the Theory of International Business Finance* (1969) remained ignored. In this book, Carlson addressed, among others, EF, and he dedicated one full chapter to 'export credit financing.' However, export finance was totally omitted in the field of IB, even in specific research work, such as the book from Seringhaus & Rosson (1990) on export promotion, although EF is associated with export promotion tools and services. Walters' (1990) review, published in the *JIBS*, rightly criticized the book for its omission of export finance. Export finance has generally been omitted in the IB literature. One exception could be found in the work of Martinoff (1988), *A Survey of Export Financial Services Required by Small and Medium-Sized Businesses to Increase their Participation in International Trade*.

In the related field of international entrepreneurship (IE), some literature reviews have stated that the use of external financing for internationalization should deserve more attention (Wright et al., 2007). According to Zingales (2000), in the past, the relative stability of firms was associated with the presence of important assets, whereas it could also be the counter-balancing effects of finance and governance choices. In contemporary times, the nature of firms has changed due to the digitalization of the economy; hence, the financing dimension has become a more central dimension. Without its physical form and facilities, a firm is a unique combination of physical capital and people. In the past, most firms were based on

physical assets and the exchange of materials and goods, but currently, firms can be comprised of purely human capital if they focus their business on the exchange of services. These new dimensions are not easily measured through the traditional quantitative indicators used for international business, such as the share of exports, and hence tend to remain excluded from traditional theories.

For non-finance researchers, such as IB researchers, it might seem like a complex task to identify within the finance literature which theories are most closely related to IB research so that finance can be integrated into the field. Therefore, I decided to start with IB theories (see the review of theories below) and explore possibilities for enhancement. I followed recent IB research suggestions to consider the distinct influences of financial factors on international business. For instance, within the OLI paradigm, some authors (Forssbäck & Oxelheim, 2008; Oxelheim, Randøy, & Stonehill, 2001) have considered the finance question through the internalization question. My first essay follows such discussions and attempts to operationalize this financial dimension in IB research. Despite designing my study within the framework of the eclectic paradigm, I do not consider it satisfactory from a financial viewpoint. Indeed, the OLI model has focused attention on the asset side of the corporation (Agmon, 2006, p. 575), excluding the financing of the human dimension (managerial resources) and intangibles (e.g., innovation and R&D), which are important tools to assess the wealth and health of a company. For the first essay, I argued that the firm's financing strategy, or the upfront provision of sufficient financial resources, should be distinguished from the firm's risk management strategy, which involves the specific financing tools (i.e., as labeled in the EFIGE dataset, see Altomonte & Aquilante, 2012) used for the first essay: export credit versus trade/export insurance provided by financial intermediaries, such as ECAs and EPOs. Both tools are part of EF (see the next section) and are offered by private, public, or semi-private public actors. This distinction and the role of EF thus far seem neglected in the IB literature, but it is critical in IB research to distinguish financing resources from insurance (guarantees) tools. This distinction has important implications for international business, since guarantees are an essential part of the concrete realization on IB transactions. Guarantees are a central issue in practice, but rarely discussed in research. Finance is an easily taken-for-granted concept in IB, where no clear distinction is made between the different issues, concepts, and aspects that it contains. IB often views finance as the money to pay for internationalization actions, and the systems of how financing works for firms are rarely addressed. The current research emphasizes this important issue and aims to clarify how more finance-focused research in IB would deepen the IB field's understanding of it and operationalize what finance does, its role, and what it means in practice in firms.

I therefore propose to distinguish the role of financial constraint through the specific use of capital flows (used as a proxy for subjective measures of financial

constraint, and external financing) and the role of risk management strategy using EF (trade/export insurance or guarantee coverage). As mentioned by Miller (1992, p. 320), “financial risk management techniques reduce corporate exposures to particular risks [linked to environmental uncertainties] without changing the firm’s strategy.” Therefore, to keep its current internationalization strategy (Melin, 1992) constant, a firm might benefit from implementing a financial risk management strategy, such as the wait-and-see strategy. Clarke and Liesch (2017, p. 924) defined “the wait-and-see strategy as the firm’s maintenance of its current commitments [...] [and] integral to the internationalization of the firm.” In a proactive managerial approach, internationalization can be considered a strategy for managing a specific (yet common or even general) source of environmental uncertainty, and I formulate it as a combination of financial (e.g., securing sufficient financial resources up front to implement internationalization) and strategic decisions (i.e., responses, such as the use of risk management tools). In Essay 1, I also examined the relationship between internationalization and financing strategy by exploring the use of EF as an indicator of strategic preparedness for internationalization. Indeed, obtaining EF is associated with administrative work (e.g., providing records and collateral), consuming both time and human resources. Therefore, I assume that the use of EF is an indicator of a firm’s internationalization strategy.

2.2.3.1 Finance as a causal factor in international business

Agmon (2006, p. 576) explained that finance’s role in IB has been declining (or was never there). This decline might be due to the incongruence of initial assumptions about finance, which assumes complete and perfect markets, and international business, which is “a phenomenon of incomplete markets and imperfect competition.” However, discussions regarding market failure should be part of both disciplines, and this is what gave birth to FDI theories and the internationalization discussion. The MNC internationalizes because of market failure; thus, the IB strategy is about financing this internationalization.

Agmon (2006) also provided suggestions for addressing this gap and conducting finance-focused research in IB through the integration of the financial contracting theory (Hart, 2001). Hart (2001, p. 4) defined financial contracting as “the theory of what kinds of deals are made between financiers and those who need financing.” Because this theory mentions the possibility of having plural deals, it opens the path for uncertainty regarding outcomes and risk content. Therefore, financial contracting theory could be suitable for IB research, such as in exploring the different financing instruments needed in different environments.

Forssbäck and Oxelheim (2008) stated that FDI theories do not account for the financial aspect as a major factor in all FDI theories. They demonstrated that cross-

border acquisitions, especially the decision to invest, cannot be fully understood without considering the type and cost of the financing sources. They found that a “firm is more likely to engage in FDI when it has access to competitively priced equity and debt, when it is able to negotiate reduced taxation and/or to attract subsidies” (Forssbäck & Oxelheim, 2008, p. 640). They concluded that the explanatory value of the OLI model could be improved with the addition of the financial factor, especially having a proactive financial strategy, as a distinct set of factors (i.e., a fourth dimension, as already suggested by Oxelheim, Randøy, and Stonehill [2001]). In an earlier study, Letovsky (1990, p. 34) put forward the option for MNEs to use EF provided by ECAs in locations other than their host country, “as one more [influencing] variable in their global sourcing decision process.” MNCs such as Nokia use ECAs as a standard practice¹². This is exemplified by their executive positions for structured finance to internationally optimize their finance sourcing, arranging financing and insurance and extending these solutions to their customers. The executive oversees coordination of all these optimizing activities on a global level. The existence of such corporate positions in MNCs shows how finance can be a precursor, in firms’ home countries, to the international strategic decisions of firms. Having such an internal function for a firm would be considered an ownership-specific advantage because it is a complex and dynamic capability to ensure ECA support across multiple international institutional environments that need to be optimized and coordinated. Deciding to use a foreign ECA solution (e.g., a Finland-based firm using a German ECA) would be considered a location-specific advantage.

In their study Beck, Demirgüç-Kunt, & Maksimovic (2005, p. 138) stated, “it is not clear whether weak financial and legal institutions create greater obstacles to the growth of large or small firms”. They found no significant correlation between EF and firm growth. In another study (Beck, Demirgüç-Kunt, Laeven, & Maksimovic, 2006, p. 945) using the same survey, firms reported that difficulty gaining access to EF is an obstacle to growth for MNEs, except for firms with foreign ownership. There is also an age effect; as firms grow larger and older, they will report less difficulty obtaining EF. In the studies mentioned above, there is a limitation due to the re-use of secondary data from the World Business Environment Survey, which were not primarily collected to measure the business environment or firms’ performance (Beck et al., 2006).

¹² The use of their home-based official ECA in B2B transactions brought a sense of financial stability, hence easing the “externally focused fear” felt by top managers from the board of directors and the financial markets (Vuori & Huy, 2016). As to the role of financial pressure on inducing these shared emotions, see Liu & Maitlis (2014) and Maitlis & Ozcelik (2004).

In IB, the exploration of the financial dimension of risk management in the process of the internationalization of firms remains largely ignored (Figueira-de-Lemos et al., 2011). One specific financing tool dedicated to organizations' internationalization risk management is EF. To my knowledge, no published studies have explored the distinction between EF issued by comparing the private sector to the public sector (e.g., the EFIGE survey did not make this distinction; Figueira-de-Lemos et al., 2011, p. 144). Although both actors appear to offer similar financing instruments (in their labeling), they operationalize them with different time horizons, as both sectors follow completely different business models: short-term (less than two years) for the private sector and long-term (more than two years, according to the OECD's rules for export credit regulation; Figueira-de-Lemos et al., 2011, p. 144). Financial organizations in the private sector have a for-profit logic, while those in the public sector, which are typically state-owned, are non-profit but still aim for operational earnings, as these will serve to cover a potential negative balance. State agents have different missions than generating a profit through exp. finance. They are expected to deliver on the state's goals, e.g., to secure employment, tax revenues, reputation, innovation, and education. Their measure is not primarily profit; it is to mitigate the risk they take and to prevent these risks from becoming systemic risks for the state. In Finland, at least, it also has the function of supporting innovation through innovative financing within the ECA OECD arrangement, as an example are biorefineries that target to reduce the carbon footprint.

The public actor is assumed to have a longer investment time horizon than private actors, and it is assumed to perform an evaluation of the value of a firm ('monitoring activity'; Ylhäinen, 2010, p. 4). Sometimes, EF support obtained from the public sector is associated with a signal or certification (about the certification hypothesis; see Lerner, 2002, p. 71) to external investors of the viability and sustainability of the firm. Furthermore, the public sector often strategically invests in long-term commitments with impacts on jobs and national growth, enabling it to attract more resources to the national economy.

The role of public finance and its effect on the internationalization of SMEs represents another research gap. Since the 1980s and 1990s, SMEs' export activities have attracted governments' attention and intervention (Bilkey, 1978; Bilkey & Tesar, 1977; Czinkota & Ricks, 1981; European Commission, 2008). SME policies are based on the classical justification of 'market failure' and induced 'funding gaps' (Cressy, 2002; OECD, 2006; Stiglitz & Weiss, 1981) and focus on the viability of existing firms (Audretsch, 2004). In times of economic crisis, it can be observed (from the press, e.g., *The Economics*) that many foreign lenders stop participating, and funding is repatriated until the economy improves. Thus, in these cases, SMEs must find alternative sources of financing. These facts are supported by the increase in the ratio of firms' cash holdings to total assets, especially in the manufacturing

industry, which almost doubled between 2006–2008 and 2013 (UNCTAD, 2014, 2016). Therefore, public financial support might become a much more important option for many smaller firms and for bigger firms too.

A recent European study found that most public support is in the form of non-financial services (Wymen, Plaisier, & Vermeulen, 2013), but surveys reveal that SMEs' main issue is financial (Choy, 1990; Vos, Yeh, Carter, & Tagg, 2007). Thus far, the impacts of financial constraint on SMEs' foreign market commitment remain inconclusive (Faroque & Takahashi, 2012), hence challenging the legitimacy of governments' support. Some authors have also emphasized that some SMEs are unwilling to engage in international business activities (Hurst & Pugsley, 2011; Vos et al., 2007), except for Born Globals, which are international by definition and the International New Ventures phenomenon (Bell, McNaughton, & Young, 2001; Cavusgil & Knight, 2015; McDougall et al., 1994). Faced with the uncertainty of the effectiveness of their SME policies, governments might be tempted to resign or retire promptly from businesses where their support seems to have an uncertain or contradictory impact. However, the beneficial effects might become more visible in periods of economic downturn when governments' financial support saves firms from bankruptcy. While monetary resources provided to SMEs appear to be a main attractor for seeking public subsidies and finance in pursuit of internationalization, in the present research, I assumed that monetary utility is not the only effect of public funding (see Table 8 for additional information).

Table 8: Monetary and non-monetary effects of governmental intervention.

TIME	Monetary effects	Non-monetary effects
Long term	<p>Positive repercussions</p> <p><i>Effect 1: Signaling effect</i> -“The private sector agents may adjust their behavior[r]r in response to the government intervention in the credit markets” and “the effect of subsidies is stronger than the one of the bank loans” (Ylhäinen, 2010, p. 30); “Public organization screening process believed to be of high[er] quality” and “[bank] ownership allows the government extensive control over the choice of projects being financed” (Väänänen, 2003, p. 17).</p> <p><i>Effect 2: Learning effect</i> -“Earlier subsidized firms are more likely to be subsidized than the other firms”; “Learning behavior of firms’ and “existing learning environment” (Biggs, 2002, p.27-30).</p>	<p><i>Effect 6: Impact growth</i> -“Access to finance [better-developed capital markets and State subsidies; “[it] potentially affects both entry and growth of the firm”]; “Public support is efficient among the most finance-constrained entrepreneurs”; “Importance of the initial capital in the success of start-ups” (Becchetti & Trovato, 2002, p. 291).</p> <p><i>Effect 7: Impact success</i> -“A] higher initial capital is associated to a lower failure rate”. It has to be noticed that three years of successful activity have to be proved to verify this hypothesis (Crépon & Duguet, 2003, p. 24).</p> <p><i>Effect 8: Firms’ size adjustment</i> -“Financial and institutional development help close the gap between small and large firms”, i.e. SMEs catching up; SMEs are more constraint by the lending infrastructures, which “have important effects on credit availability” (Beck & Demirguc-Kunt, 2006, p. 2938).</p>
	<p>Negative repercussions</p> <p><i>Effect 3: Misallocation of capital</i> -“[G]overnment ownership of financial institutions leads to and is ‘associated with slower financial and economic development’; it ‘politicizes the resource allocation process’, known as the ‘political view of government ownership.” (Porta, Lopez-de-silanes, & Shleifer, 2002, p. 290; Sapienza, 2004, p.359).</p> <p><i>Effect 4: Unbalanced attribution of funding</i> -“[A] small subset of SMEs exhaust most of the debt provided by banks and financing institutions as well as most of the outside equity”; Selection bias from the financing institutions, “leaving in particular the financing of the youngest” (Hyytinen & Pajarinan, 2002, p. 45).</p> <p><i>Effect 5: Information asymmetry bias</i> -It “is generally found to have significant negative effects on SME credit availability”; Large institutions, due to their infrastructure, are poor at processing soft information; they have a “comparative disadvantage in relationship lending” and information available for SMEs are usually deemed soft (Berger & Udell, 2006, p. 2961; Petersen & Rajan, 2002, p.2562).</p>	<p><i>Effect 9: Projects failure risk</i>¹³ -“Increasing interest rates or increasing collateral requirements could increase the riskiness of the bank’s loan portfolio either by discouraging safer investors, or by inducing borrowers to invest in riskier projects” (Stiglitz, 1981, p. 408).</p> <p><i>Effect 10: Firms’ bankruptcy risk:</i> “Loan guarantee programs [...] induce more risk taking from guaranteed firms”, “[subsidies firms showed] higher rates of bankruptcy”; “Obtaining a guaranteed loan decrease significantly the obtained interest rate in the very short run” (Lelarge, Sraer, & Thesmar, 2010, p.263).</p> <p><i>Effect 11: Innovation shortage:</i> No-access to finance can “hold back innovation” (Hyytinen & Toivanen, 2005, p. 36).</p>

¹³ For a review of the literature concerned with the default risk in international debt, see OECD (2018) and Richard-Mounet (1985).

As exemplified in the table 8 above, governmental interventions may impact firms along two-time horizons, short- and long-term, in four different ways: 1) positive monetary, 2) positive non-monetary, 3) negative monetary, and 4) negative non-monetary. For instance, the “signaling effect” can be classified as a positive monetary effect since it may attract the interest of private investors to specific firms pinpointed by a government’s support, given the government is believed to have an extensive process of evaluation for its candidates and due to the amount of administrative paperwork involved. For both monetary and nonmonetary effects, the positive repercussions tend to be visible over longer periods.

In addition to the entrepreneurship and internationalization literature, there are many empirical indications that venture capital and private equity finance for SMEs have additional effects and benefits that influence successful internationalization (e.g., OECD, 2000; Sapienza, 1992). To the best of my knowledge, the understanding in IB of the effects (e.g., non-financial effects, such as legitimacy, knowledge and learning, supervision, advice, and access to networks) of public finance in this respect requires theoretical development and empirical insight to better understand how taxpayers’ resources are used for enterprise development to serve the better good of society. An empirical investigation of different funding mechanisms in different countries should be conducted to provide insights that allow theoretical extensions in a vital area of business research.

In addition to finance, governments’ indirect intervention through regulations (law) and even mere announcements should also be accounted for, as they may impact firms’ financial decisions. Boddewyn (1988) proposed that studies of the relationship between MNEs and government intervention have not integrated their efforts into MNE theories. He suggested extending the OLI paradigm to include the political dimension. Cumming, Filatotchev, Knill, Reeb, and Senbet (2017, pp. 124–126) also mentioned the impact of regulation on (corporate) governance, as it “deals with the agency problem: the separation of management and finance.”

This research positions itself at the intersection of research involving finance and IB by presenting variations with finance as an independent causal factor (output) for dynamic internationalization, or finance as an end-goal (input) leading to status quo internationalization. Thus, finance (EP) would, in some cases, support the status quo rather than fuel international expansion. This situation would result from a preexisting but implicit need from those granted firms. In addition, the process of applying for funding involves developmental discussions with the case managers at these agencies. Thus, these are typically iterative processes that are in themselves increase the readiness for internationalization or further expansions. The granted firms would subsequently benefit from such a period of stability or steadiness to, for example, reorganize, and strengthen their own business. The status quo period can be considered pre-(re)-internationalization, or a preparatory phase required for goal

definition or re-assignment. These iterative processes usually increase the readiness for internationalization or further expansion under operational conditions.

2.2.3.2 Finance for risk management as a consequence of international business

As mentioned in the previous section, despite the acknowledgement that risk is an uncontested part of the internationalization process, risk management is a neglected topic in the field of IB (Figueira-de-Lemos et al., 2011). The existence of a risk management process within firms is not automatic, and the implementation of such a strategy requires awareness of the risk of failing (Clarke & Liesch, 2017). While considering risk management from a financial stance, in an article published in the *Journal of International Business Studies*, Miller (1992, pp. 327–328) mentioned that “researchers need to begin to test more complex contingency relations between the multiple uncertainty dimensions and corporate strategic responses [...] financial and strategic responses to risk.” Indeed, the investment logic differs from a financial and strategic marketing viewpoint. As a market analyst stated, “They are some investments you have to make simply to stay in business—regardless of their rate of return.” (Barwise, Marsh, & Wensley, 1989, p. 86). Although such investment behavior has explanations in the organization and management fields, from a pure financing standpoint this phenomenon might reach its theoretical limit. However, in IB, this decision behavior was recently theorized as the “wait-and-see strategy” (Clarke & Liesch, 2017, p. 924); the authors define the wait-and-see strategy as a strategy “resulting from a measured decision in the firm to maintain current commitments to its business relationships in international markets—strategy of active waiting (Sull, 2005)”. This represents an opportunity for cross-fertilization from IB to finance, especially to extend finance theories to the strategic dimension of credit risk in IB.

Another major difference between finance and IB is their initial assumptions. Finance’s theories and models, unlike IB’s, have traditionally departed from a static environment (Toyne, 1989, p. 8). Consequently, the field of finance has engaged in limited exploration of the dynamics of firms’ activities, including “the role of entrepreneurship, the role of power, changing market preferences and market conditions, changing socio-political relations and actions (at the national and firm levels), the creation and destruction of coalitions, and the joint effects they have on management practices.” Toyne stressed both the role of the dynamics of the firm and the dynamics of the country to which the firm belongs.

As mentioned by Toyne (1989, pp. 8–9) in the quote below, Buckley has, on repeated occasions, suggested ways to overcome these limits:

Buckley [1983, 1985, 1988], in discussions on the internalization theory of MNE, notes that the theory “lacks a dynamic,” and suggests that this can be introduced either through the time profile of costs, or the concept of entrepreneurship as the *primum mobile* [1988]. For example, the ability to predict the timing of a foreign direct investment requires knowledge concerning the incidence of costs and their time profile [1985, p. 192].

Nevertheless, it seems that Toyne’s article attracted little attention from the finance community, as among its citations (134 on Google Scholar), none were from a finance journal. Therefore, IB could contribute to the finance dimension by stressing the distinction between ownership, location, and internalization factors in the decision-making process of firms’ international activities. IB posits that the finance factor, in the context of time, is either a cause or a consequence of firms’ decisions and actions.

2.2.4 Understanding export finance in practice: Credit risk management

A buyer defaulting on an international export transaction could threaten the exporting firm’s (i.e., the seller’s) survival. According to export credit insurers, approximately a quarter of business bankruptcies are due to defaults by one or more international buyers (Barelier et al., 2002, p. 422). Despite these risks, it will often be when the firm is already engaged in the transaction during delivery that the exporting firm will start to question the weight, for the firm, of the risk of a payment transaction failure. If a firm only starts to ponder on these dimensions while processing an export, the seller has not developed a financing strategy for the management of its credit risk. The firm must define a credit risk management policy, which includes identifying the risk factors and being aware of the existing financial and non-financial services available to cover these risks. Three credit risk management strategies are available for the exporting firm: (1) prevention, (2) transferring the risk, or (3) self-covering.

Preventing risk depends on whether it concerns an existing customer or a new one. Regarding new customers, the strategy will consist of gathering reputation information through syndicates, chambers of commerce, exporting networks, and commercial agents. These sources exhibit heterogeneity and are usually not verified; therefore, their trustworthiness is typically of poor quality. Banks, official Export Credit Agencies, export credit insurers, and national promotional banks and institutions provide high-quality and reliable information collected through their financial networks. This information is based on their customers’ financial history, which includes an important number of verified transactions and accounts for

payment incidents. The data are anonymized, and banks deliver ratings of the different risk dimensions (political or commercial) and certifications. Commercial data professionals collect and synchronize data from all the various sources, and the quality is certified. Access to information is controlled and monitored. But banks, official Export Credit Agencies, export credit insurers, and national promotional banks and institutions can assist firms with specific requests for information. Regarding existing customers, managing risk includes keeping customers' data updated. This activity involves tracing transactions, the dates and success or failure of payments, the financial health of the firm, and any media coverage of the firm and the local context, all of which could impact the commercial and political risk involved.

Transferring risk is achieved by contracting an export insurance or guarantee or through factoring. There are many export-credit service providers; some have an international presence, and they can be private or public actors. Despite their diversity, they share a number of common principles, also called "arrangement" (OECD, 2018). The guarantee's quota, or the portion guaranteed, is never 100% covered, and the remaining share (within the range of 5%) ensures that the covered firm has some "skin in the game" (Taleb, 2012). In the amount covered, beyond the claim, the insurance policy can include options, such as abusive use of securities or costs (for goods production or storage). Limitations or constraints involve divergences in national policy between the buyer's and seller's locations, and compensation might be subject to a separate contract. The length of the credit (short- or medium-term is three years or less, and long-term is longer than three years) usually determines the choice of insurance guarantee provider.

Factoring is a short-term credit risk transfer to a financial organization. It benefits the firm by avoiding the requirement to document the risk on its accounting ledgers; thus, the firm does not need to worry about customers' account management. The financial organization guarantees and oversees covering for payment transactions and providing customer account management. Externalizing these activities reduces firms' administrative and systematic tasks. Finally, a firm could self-cover credit risk. With this strategy, the firm has three options: the choice of payment techniques and instruments, the delay of property transfers, and book-accounting affectation. All these different options generate additional costs for the buyer, as none of the services is for free. Thus, the competition that takes a higher risk without insuring its sales might be more cost competitive, but at the same time more prone to failure.

The section above has illustrated how ECAs' work supports firms' willingness, capability, and goals in terms of strategy and economic sense.

For official ECAs' operations, i.e. those ECAs that can propose export credits with a state guarantee, it is also important to make a difference between national existing content and national future interest. To distinguish national content from

national interest, the ECA will compare the balance between the national value in local turnover (increasing the GDP) and jobs (increasing) from existing customer firms in its portfolio versus the expected future value of a new customer and or a new project from an existing customer. This is also critical for the functioning of governments (taxes and inland revenues).

In this evaluation process, time is a critical determining factor in export credit. For export credits to benefit from a state guarantee, the duration of the contract matters, and it is regulated at the supra-national level by the OECD. The project should take more than 18 months to complete, and normal conditions are a reimbursement over 5–10 to 12 years in certain exceptional conditions. The duration is always a long-term involvement, and the length is defined in accordance with the OECD agreement determined by the buyer's and the seller's bank's home country location.

To conclude this section, the risk covered by the joint financing-work relationship of the state and its ECA produces two kinds of national return on investment:

- i) Indirectly, turnover, jobs, and taxes, and
- ii) Directly, the operating fees and/or interests the ECA is charging the intermediary banks (companies' commercial banks) for extending the credit and guarantees on firm-level projects

It is good to understand this logic from the customer's perspective, which the ECAs do survey systematically on a yearly basis and subsequently thoroughly analyzed for continuous improvement of their internal processes. It is this proximity with their customers over extensive periods of years and often decades that enables the trust relationship to build and the efficiency to emerge. Both processes need time and will also become visible with the passing of time.

In conclusion, I have presented the practice of export finance and focused on the dimension of credit risk management. The reader shall bear in mind the role of time in risk management, since some knowledge cannot be gained through reading but solely through the accumulation of years of experience.

2.3 Study of time (I-specific) factor in international business

Time is a fascinating topic. It is a cultural dimension with many higher-level and broad categorizations. The divergence of time among individual cultures and geographical locations is an important aspect to consider in the uniformization of business under the pressure of globalization through the digital time economy. In international business, it has remained a vague and omitted dimension, especially in terms of theories.

OLI macro envelope thinking (Wagner, 2020) is a coherent basis for theorizing about time. Although none of the three independent variables from Dunning really addressed time, time can be located in the background in the form of the context (when), and to understand a process, i.e. the extent, form, and location change (how). Context has long been treated as an underlying feature of phenomena. Thus, time has also been an underlying contextual feature in research. When OLI is taken as a taxonomy, time is difficult to include. Wagner's review (2020) attempts to go beyond that by paving the way for the integration of time. Time can be seen as a production input; how much time is engaged in the foreign production, how time consuming/time efficient form is used, and the timing of the location choice. Context could be the key entry point of time to the OLI paradigm. In this thesis, time is embedded in the I-dimension of the OLI envelope.

In this section, I introduce the concept of time internalization, discuss how time-internalization could be a competitive advantage of MNEs, review time taxonomies, and discuss the difference between inner and standard time.

2.3.1 Internalization theory and time

Previous definitions of internationalization did not account for the internalization of time¹⁴. The Internalization advantages seemed to be linked to activity, strategy, and behavior, so the definition and conception of time ought to be treated as linked to activity, strategy, and willingness or motivation behavior (Wagner, 2020). Willingness is the formulation of the initial idea (p. 125). From the ownership of the capability for financing (p. 127), a firm can start to think about time and internalize its dimension in its strategic process. Hence, in the LOI framework, willingness is determined by location.

In internationalization, time internalization is materialized by the measurement of human resources (as various energy flows) invested (e.g., men/day) in activity,

¹⁴ Since the 20th of May 2019, the time unit measurement reference, in place since 1967, was changed (Jedrzejewski 2020): results are influenced by methods of observation (Bitbol 2008).

strategy, and behavior. The firm, through its accounting of the time consumed, e.g., memorization of time in the books of the firm, creates a standard value of time. Time standardization subsequently enables international activities, organization, and communication between systems, i.e., IB firms in this study. I express otherwise:

In time internalization, time is a human energy transfer internalized as it is consumed through the costs involved during the functioning and internationalization process of the organization or firm. Individual energies aggregated by the activities of the firm form a standardized unit of time. This sum forms the universal time expressed at the population level within the organization or firm.

The firm's IB strategy for obtaining export promotion support services (e.g., export credit or guarantees) is a time-internalization enabling or disabling factor for the firm's initial or resumed exports and its further internationalization through, for instance, FDI¹⁵.

Typical time conceptions divide temporality into past, present, and future. Export promotion support will materialize in the future in the form of a contract between a buyer and a seller (the local firm). The formalization of time and money in a future international business transaction is translated and internalized into the firm's business planning (i.e., its time). Thus, EP is an important factor in timing the internationalization of firms, but time internalization in firms' processes was not accounted for in previous definitions, as can be concluded from a short review of the previous most frequently used definitions. It is also worth considering that time itself is not typically considered an active actor, a stimulus, but rather a contextual force setting boundaries (e.g., too early, too late, right-on time, etc.), anchoring, ordering in chronologies, offering causal hints, a lens of viewing the world. In the OLI framework, I ask the question of *how* "firms organize the particular foreign activity" (Wagner 2020, p. 72), considering the timing of the activity, time perceptions of the MNE and the target market, or investment of time in foreign activities.

However, if time has a process dimension, process does not equal time. In this perspective, MNEs do not actually internalize time itself, but rather their learnings in and on time, their skills in using timing to their advantage, their past experiences and narrative as resources, their legacy as a brand, investments in intelligence to forecast the future, and so on.

¹⁵ Since time is an invisible dimension in internationalization, most researchers will think of firms' internalization, alongside transaction cost theory, as an explanation of how internationalization happens over time.

According to the previous description of the nature of time, time in the social sciences is an intangible, knowledge-based advantage. By knowledge-based advantage, I mean that through enabling the accumulation of knowledge from learning, time facilitates understanding the original meaning of and accumulation of past knowledge. This learning curve is an advantage for MNEs as it regulates the process of new entrances and reduces the risk of expropriations (Wagner, 2020, p. 65). Time, especially long periods of time, enables the unveiling of the impacts of decisions, which remain unnoticed in the beginning. Time can be either an individual- or firm-specific advantage, or both simultaneously. Hence, for any given firm, there is the firm's time and the firm members' individual times. However, due to its various dimensions, the times of the firm and of individuals are not identical unless a mutual understanding and common agreement is reached. This can be achieved in practice through repeated exchanges in distant communication and physical meetings at different time points, with at least one morning and one afternoon slots taken as reference points for comparison to find a middle point, until all parties would feel a common neutral ground can be systematically maintained. The firm will therefore need to acquire time through an internalization strategy. I provide some examples below for how this acquisition of time can be best achieved:

- Having adequate resources, which in turn can save time and free resources, as they are not reserved for pondering on how to deal with the limits caused by resource scarcity. Resources are made visible through:
 - Hiring enough staff to have many people working on the same thing at one time to achieve greater efficiency
 - Hiring individuals based on fixed-term work contracts
 - Dedicating adequate time for essential task(s)
- By organizing work logically so that each step smoothly follows the other, enabling the successful accomplishment of the tasks on time. Work organization is shown through:
 - Good time management and planning ahead
 - Anticipating future events and the needs that may be set for the company.
- By aligning individual and organizational time so that everyone in the MNE grasps time similarly, or at least in an aligned fashion, in terms of work.

Through acquiring time in the fashion described above, the view and comprehension of time are systematically and integrally internalized in the internationalization strategy. As a result, all employees can work for this shared goal with shared means.

The illustrative example provided below further explains how this type of time internalization leads to the formation of a unified standard time at the firm level.

Internalization theory is based on transaction cost economics and used by firms to “exert proprietary control (ownership) over an intangible, knowledge-based, firm-specific advantage” (Rugman, 2010, p.3) to achieve efficiency. Depending on the authors’ interpretation, the internalization strategy can be considered either a transaction unit of analysis or a firm unit of analysis (see, for example, Rugman’s (2010) position versus Dunning’s). The transaction external relationships block contains standard time and the firm unit individual level time; the dual times dimension would be felt at the intersection between the external standard time and the firm unit time. The need to avoid time fragmentation, time uncertainty, and ambiguity has increased in the digital space of generalized distance work. Time currently represents a firm challenge, which can result in conflicting interests and rigidity, undermining performance and hindering strategic decision-making. For a firm’s standpoint about time, to answer how via negotiation a consensus view about the times can be reached, I proposed:

Team members’ and employers’ individual times are internalized through: the repetition of daily processes; the enforcement of project or employment contract terms and conditions; contacts with human resources; and the management practices flows from the team leader and the timekeeper to members.

The negotiation objectives should result in achieving a common understanding of the standard time or the production of a unified co-created time at the standard level of the firm. This could be further translated into the implementation at the individual level, of reproducible time rules.

As an illustrative example of the last point mentioned above, a standard time at the firm level can be reached. Consensus and balance include regular meetings organized in a repeating pattern over the course of several weeks to create an embodied imprint in the collaborators’ minds and metabolism. The subtle idea is to create a standard feeling of the times, rather than embedding one single time. The classic behavioral thinking of the time as the past is false. The feeling of time shall represent a deliberate (or not) adherence choice to the unified standard time of the firm, also known as exogenous time (i.e., it originates from an outside structure,

under the influence of strictly external causes¹⁶). The employee should willingly internalize the exogenous time into its system and delegate its individual endogenous time to the external system of the firm (i.e., it originates from inside the organism, under the influence of strictly internal causes, such as the body's metabolic system or circadian rhythm), whereas emotional time would be one endured by a colleague or a third party.

In practice, time internalization happens through repetitions of the externally visible structural element—for example, the regularity in meetings of a similar format, at a relatively similar time of the day, and on a relatively similar day of a week. Structural repetition makes the time dimension move to a relatively unconscious level. Indeed, similar to the processes of (self)conditioning, adaptation, assimilation, inclusion, and integration, with the setting of routines (Hodgson & Knudsen, 2004), the mind and body are guided by the externally preset structure of time that rules it rather than the internally felt time that it was following (e.g., one might forget the boredom or hunger otherwise felt when in charge of one's own time). As it gradually becomes internalized within the organization, the dissonance between individual and standard times levels out, and the stress of time at the individual level disappears, which opens further space for collaboration and work efficiency. The MNE does not merely dictate the time conception to employees and subsidiaries, but the time conception is formulated via negotiation.

Time is primarily perceived at the individual metabolic level, and the way individuals perceive time has been reported to influence the mode of internationalization change. Although the individuals would be conditioned to the organizational time conception, the individual perception would still be an omitted dimension in organization. Finding a consensus would alleviate time-related stress (as stated in the above paragraph). Calof and Beamish (1995, p. 117) stated that the “change mode was based on individual circumstances and an intuition or attitude that the time was right for a change”. Since time perception varies across individuals, this variability may influence the orientation of internal decisions, with conflicts

¹⁶ I shall mention here the suggestions of an anonymous reviewer about linking time internalization with sensemaking. The process of time internalization at the individual level would subsequently happen in a similarly tacit manner at the level of the group through sensemaking (Maitlis & Sonenshein, 2010). Sensemaking is a concept from organizational psychology; it proposes perspectives that explain how an individual's perception of external things, with their individual internal view of them over time transferring to a group's common view on these things. This process is commonly called sensemaking (i.e., gradually, and implicitly agreeing to understand uncertain and ambiguous things the same way), and the outcome serve the purpose of enactment (of those external things seen exclusively by the group and not necessarily the same way by other groups).

possibly arising from asynchronous times between geographically¹⁷ distant individuals; it is not only different time zones that create challenges, but also culturally different perceptions of time.

Schuster and Copeland¹⁸ (2008) provided a triangular graphical classifying of cultures according to Task (top-left), Relationship (top-right) and Time (bottom-middle); in their figure (p. 266), they suggested a normal concave curve in which—following the authors' order of presentation—European countries, North American countries, Australia, New Zealand, and Russia would belong to the left side, whereas India, China, Japan, Korea, Africa, would go on the right side.

Brown and Eisenhardt (1997, p. 25) described the process of metabolic time perception through the process of time-paced evolution¹⁹ as follows:

[T]he linking of the periodicity of two related rhythmic processes. That is, related rhythmic processes tend to synchronize with one another over time. For example, human body rhythms synchronize with night and day cycles. [...] Time-paced evolution is powerful in fast-changing settings because it creates a regular, explicit opportunity to reassess actions. This is vital in uncertain settings because it limits excessive commitment to obsolete courses of action”.

This explains the process of individual time internalization within the firm's standard time through synchronization of the endogenous circadian rhythm with the exogenous circadian rhythm of the group.

Another dimension of change is inertia and the preference for the status quo or the wait-and-see strategy (Clarke & Liesch, 2017), where time internalization is related to the firm's production of two types of rigidities. According to Gilbert (2005), resources and routines can be associated with the capability and willingness dimensions, respectively, based on recent discussions with industry managers. This means that MNEs are globally dispersed to different continents/geographical locations and time zones, which creates asynchronism. This asynchronism of time

¹⁷ Indeed, the body remains attached to the material dimension of the country location, hence having stable anchored metabolic/food clocks (e.g., the brain is regulated by the glymphatic system of cleansing, which follows the circadian rule for optimal/normal functioning). Disrupting this pattern through self-forced mental work, at a time of an outgoing flow, could lead to metabolic functioning conflicts.

¹⁸ To justify the balance in cultural perception from this article, it is noteworthy that Michael J. Copeland worked at Proctor & Gamble, while Camille P. Schuster was an academic researcher in business administration at the California State University San Marco.

¹⁹ Also tied by the authors to the biological concept of “entrainment (Ancona & Chong, 1994, p. 25). It is interesting that, in the IB field, Brown and Eisenhardt (1997, p. 1) mentioned in a left-side note that their paper benefited from “very helpful comments of James March,” one of the fathers of the behavioral theory of the firm (BTF).

and space, from the perspectives of i) employees who accept this when seeking jobs in MNEs and ii) MNEs who accept this by being multinational and by strategizing to maintain their multinational position. Current difficulties emerge from a capability (as a competence, which would mean that employees are rigid to change) dimension, or the inability (as a decision, which would mean that employees do not modify their time conceptions) to experience change as a novelty in the daily routine of work²⁰. The lack of unexpected disruptions in daily patterns, or the absence of time-related stress, creates a general climate of boredom for some people, while others might wish they would experience boredom. Maybe this is related to the circumstances where people experience creativity and productivity – for some, not being in a hurry creates a perfect flow and concentration to the job, whereas for others, hurry is the fuel for getting things done and finding accomplishment.

Hence, time as a firm-specific advantage is based on the level of unification²¹, once possible through individuals' physical presence within the facilities of a firm. The digital space (e.g., digital distance work) has made differences in cultures, time, and space easy to forget, but they have not disappeared. Remote individuals may remember that their colleagues or peers may work in different time zones and in different places. This work configuration is mentally internalized; meetings are timed so that people from different time zones can reasonably be online at the same time. These work requirements should be acknowledged in their contracts e.g. through salary bonus, working hours earned in advance, or other compensations means, such as excess time being converted to days off. Alternatively, it may become institutionalized, and therefore no need to compensate. When something is internalized, it becomes obsolete or at least less visible, and individuals will no longer recognize the metabolic influences in terms of metabolic energy levels and cognitive abilities available to them.

In practice, to achieve a common sense of time, remote workers should briefly discuss their local circumstances that are not visible at a distance. This implies mentally creating a distinction between two times: the location time and the location of employees' actual bodies. When employees are situated in several geographical locations, this becomes a multiple time. Localized time refers to the time owned by the firm. It is a unique and unified time that is manifested through the implementation of the firms' processes, and it becomes internalized in the employees' bodies.

²⁰ Yet, as rightly mentioned by an anonymous reviewer: "On the other hand, routines – recurrent action/interaction patterns are a core explanation of the efficiency of the firm, reducing coordination cost and reducing on individual level cognitive load. The opposite we have in academia for large parts."

²¹ Since researchers have not agreed upon or found a generally accepted definition for time, my discussion on unification refers to the unified time conception that must be negotiated within the MNE.

Accounting for differences between local and localized times is especially important in modern work conditions involving global virtual teams. Indeed, the Internet is a low-content and digital environment-platform where the message communicated loses its meaning because of the lack of contextual factors surrounding the communication. In these decontextualized exchanges, intercultural divergences become sources of conflict due to variation in time priorities (a location-based factor, i.e., where one single-unit is) and backgrounds (ownership, i.e., who one single-unit is), as they are unconscious reference points for information interpretation. For instance, in the United States (US) and Germany, information is salient—what you know is more important than who you know—again, a point supporting the continuous negotiation ongoing in MNEs to reach the uniform, or maybe more aptly a more aligned, time conception. Finally, the use of EP, especially the obtention of an EF, creates another time distinction: it is a firm’s future time, hence a future localized time.

Other influencing factors related to the location versus localized time distinction are specific weather conditions (cold, warm, cloudy, rainy, or sunny conditions) that produce different individual metabolic capabilities and preferences for specific work tasks and workloads. Reasonably adapting the MNE localized time (e.g., when organizing online meetings) to the local circumstances of the least favored (the ones with the greatest distance from localized time) employees’ actual location will ease working modes, favor collaboration, and employees’ wellbeing in the long run.

2.3.2 How time internalization represents a competitive advantage for MNEs

Based on the previous analysis of the externalities involved in time asynchronicity and the challenges faced, I propose that successful international expansion as a strategy requires the preliminary formation of a time reference point between stakeholders involved, i.e. at least employers, employees, and clients, as well as, if applicable, institutions, partners, and sub-contractors. Regarding the time reference point mechanism, on the firm level it is a constructed factor, through sensemaking firm-employees, firm-customers and employees-employees, processes more than a firm-determined factor that is discovered and internalized by employees. On the individual level, a new employee joins and internalizes the time aspect through sense giving that the organizational activities over time provide for the new employee. In addition, with stakeholders (e.g., ECA), there is a sensemaking process of what time and activities over time should mean and how that becomes a measure of success (e.g., the goals to achieve and when they should be achieved). Time as a measurement unit is a classical key performance indicator and an indicator of motivation; for instance, the famous Statue of Liberty in New York City was

delivered after a 10-year delay that was related to the speed of financial resource acquisition. Time is also a driver of coordination and a tool for managing expectations.

The determination of this time reference point represents a relative competitive advantage of MNEs compared to international-younger, ‘fresh to internationalization’ firms; pertaining to MNEs’ default strategy, to include endeavors for a unified time. Indeed, the definition of unified time “results from prior investments in a specific technology [capability and/or human resources part of the governance structure] that permitted the development of organizational routines in dealing with problems of difficult codifiability, high complexity and difficult teachability of the know-how to be transferred abroad” (Verbeke, 2003, p. 502). Verbeke’s account of past and future time dimensions in his transaction theory analysis is interesting for the positioning of my study as a firm’s context. However, in Verbeke (2003), the present is missing, or it would be implicitly included in the ‘social context.’ My suggestion for the necessary time internalization complements Verbeke’s analysis; the organization is structured around principles that are space- and time-specific. Another example of the need to form a reference point prior to moving forward with a strategy is the political-risk reference point as a mental map for a firm to move out of the status quo (Yasuda & Kotabe, 2021).

2.3.3 Time taxonomies

Recently, Aguinis and Bakker (2020) provided a taxonomy of time as a duration, frequency, timing, or sequence. These dimensions have been included in more comprehensive studies, which we will review here. In their research, Welch and Paavilainen-Mäntymäki (2014) presented time as either a linear or process phenomenon with variance between two points in time versus a longitudinal approach with multiple observations. In the linear approach, value is the difference between a starting point t_0 and a destination point t_1 . The value of time is measurable only after the end of the observation period. This linear approach is an absolute measure of the past. Time is a link between two time points, but it remains in the same dimension. Time is also anchored in context as a standard or normal landmark. In the longitudinal approach, the value of time is assessed through a sum, either the quantity or the quality of events observed. The longitudinal approach enables the observer to account for contextual variations—the granularity of the measure. Time is part of the context; it has a surface and texture.

Time value is communicated differently across cultures. Time was defined by Hall (in Rugman, 2009, pp. 504–507) as one of five silent languages, along with space, material possessions, friendship, and agreements (Hall, 1960); for instance, Americans might view time as money, whereas the Finnish people might state that

silence is gold and speech is silver. In another situation, the speed of time differs. For example, Levine and Noranzayan (1999) compared the pace of life in 31 cities. Their proxies are interesting since they were able to measure and compare inner and standard time by using pedestrian walking times, the individual waiting times for a public service, and public clock accuracy.

In a book edited by Havila, Forsgren, and Hakansson (2004, pp. 262–283), the authors viewed time as an indicator of knowledge. In the Uppsala internationalization model, it was considered an implicit factor, and it was assimilated with the value of duration. Time was hypothesized to influence learning, and the authors concluded with a call for more research. In the current research, we used George and Jones' (2000) work, which appeared to provide the most comprehensive categorization of time dimensions around six dimensions: “the past, future, and present and the subjective experience of time; time aggregations; duration of steady states and rates of change; incremental versus discontinuous change; frequency, rhythms, and cycles; and spirals and intensity” (p. 657). It is interesting to account for variety in time perceptions, but in the current research, I focus on their other distinction, which is between inner time and standard time perception.

George and Jones (2000) proposed that time can be a boundary condition or that it can play a role in theory building. As this thesis takes a process approach to internationalization, for theoretical development, I needed to anchor the research demonstration in one specific influencing factor, as there are many dimensions involved in IB. I emphasized EP, since, although each country has its own specificities in legal forms across countries, it could be argued that EP institutions share a similar goal: to support the international business of their national firms. I also focused on EP activity because its core value creation uses finance and time matching materialized in an agreement (i.e., export credit and export guarantees).

Time was also discussed in the work of Dunning (2001), in which it was proposed that firms alter their strategy in time and in a given OLI configuration according to their willingness and anticipation to protect the configuration that ensures their competitive advantages and market positioning.

Finally, in the third essay, I developed an innovative taxonomy. Through a survey, I found that firms could be classified into three groups, respectively: based on how long the firm has been in business, when the idea to go abroad was considered, and when it achieved internationalization. These classification groups match three specific time points, and three durations, of the firm's internationalization process: the establishment year, the year of the formation of the initial idea to internationalize is identified as “Willingness,” and the year of the “Goal” internationalization realization (Essay 3 at the end of the thesis).

To summarize the relevant aspects of time taxonomies that MNEs could internalize, I have presented above the knowledge of time and in time, the learning

in and over time, the understanding and acknowledging of different comprehensions of time, how time can enable and limit MNE operations, and the various things that can take place in and over time within MNEs. For this analysis, MNEs should remind the numerous shades and the subtle color variations of time. In the next part, I further discuss inner versus standard time and how MNEs can operationalize this relationship.

2.3.4 Inner versus standard time

At the beginning of this chapter, I proposed a definition of the internalization of time, which now opens the discussion to the study of time duality: inner time versus standard time.

According to George and Jones (2000), the term “inner time” refers to time as experienced by an individual, determined through his or her own circadian rhythm management and influenced by psychological states and activities. It is time experienced through our daily decisions, routines, and metabolic functioning, among others. Standard time is exogenous to the individual; it is time imposed on him or her. Both inner and standard time are related, as inner time is circumscribed into standard time.

Such a distinction between inner and standard time has already been used implicitly in research on customer satisfaction. Brady et al. (2005) investigated the temporal setting dimension of the service and assumed that the appraisal process varies depending on the level of service perception, either at the global level or in reference to a specific service. Another difference is based on individual perception processing, with a distinction between maximizers and optimizers.

The importance of this dual time distinction, inner versus standard time, for our research relates to transaction cost theory (Williamson, 1981, 2005) and the assumption that economic agents’ behavior is opportunistic. George and Jones (2000) suggested that looking at the time dimension, especially past conditioning memories, and related anticipations of the future, would add density to the causal theories of economic agents’ motivations.

In the next part, I engage in the MNE discussion, i.e. how inner and standard time could demonstrate themselves within MNEs, what their role is, and how they can be embedded in and taken into account in MNE activities. Williamson (1981) mentioned the role of time in his transaction cost theory (TCT). In models where rationality is assumed *ex post*, cognition happens after an event. These models conceive of goals as emerging after the action, yet goals are supposed to guide business strategies. Such model designs would implicitly suppose that economic agents do not anticipate; hence, first-timers would not benefit from networks’ shared past experiences. The account of dual-time perception is interesting in my research,

such as when questioning employees' motivation(s) in the context of unanticipated circumstances. This relates to whether employees pursue individual and local goals or cooperate to achieve higher firm-level goals. Firms' development could benefit from a better understanding of the necessary conditions for the realization of the second scenario. Team cooperation scenario would require the firm to be self-aware of its goal and discuss the alignment of employees' individual goals with the firm's goals.

Understanding the motivations behind mergers and acquisitions provides another example of the need to account for the concept of time. In TCT, time applies to corporate decision makers to possibly anticipate future outcomes. For instance, in their research on the cost of pride in international bidding between buyers from developing countries and sellers from developed countries, Hope, Thomas, and Vyas (2010) used, as a proxy for ex post rationalization, the timeline for media coverage within a period of three months prior to the date of the bid announcement. Mitchell and James (2001), due to their interest in making causal theory more precise, focused exclusively on the standard time; to test causality, time has to be hypothesized as continuous, stable, and quantifiable. Their contribution is interesting because it could be applied to testing and falsifying a theory in research on MNE internationalization.

Our theorizing of time internalization opens the possibilities to observe externalities of MNEs' internationalization, and to test causality and unveil possible impacts' directions. Due to the global interconnectedness of everything firms do, any decision they make has an international impact, even when it remains unnoticed in the beginning. The impacts apply to the logistics needed for import–export exchanges while creating externalities for the environment due to long-distance transportation by trucks, boats, or planes, which is just the visible part of the iceberg. Possible externalities can be found everywhere. Recently, consumers have become increasingly concerned about the economic, social, and environmental impacts of the products they buy, which influences their purchasing behavior and puts pressure on organizations to change. This increasing attention to impact in general is exacerbated by the abundance of data due to the big data trend, which creates an illusion of information availability and easy access to knowledge, although data are neither information nor knowledge (Frické, 2009).

Another finance- and time-related topic is option theory (real and financial), in which time is present as an independent dimension of the context with an 'irreversible' flow (Havila et al., 2004, p. 231). Transaction directions happen over this flow of time and the holder of an option, which can exercise and influence transaction directions. Transactions are materialized by the different options, of either the contractual arrangements of buying and selling, or of physical property and retaining ownership and relocating the asset for another use. In option theory, what matters is the economic value of the asset. There are different types of assets:

[non-] tradable, monetary, or real. Taleb (2012) associated the concept of options with the notion of *bricolage* (i.e., trial and error). As events happen, individuals try things; when an individual actor identifies a favorable result, it may reuse it. The possibility to repeat the experience into experiments favors the stabilization of the format or shape (Bitbol 2008). The dimension of trying is important, meaning ‘to dare.’ It can be associated with the entrepreneur taking a risk, but not without keeping the rationality of calculation.

Finally, a different aspect of time perception related to individual inner time is metabolic (Wyatt 1972). The human body-brain system has two systems of thinking: fast and slow (Kahneman, 2011), and associated short-term versus long-term memories (engrams). Short-term memory is the processing capacity of an individual when confronted with new information. The frequent overtaking of its limited capabilities, especially with the use of IT-enabled technologies, can lead to time pressure, information overload, and “environmental adversities, [which] have their mental and cerebral effects: stress, inflammation, microbiomics, environmental insults and their epigenetic effects on gene expression in the brain or on neuroplasticity” (Rose, Birk, & Manning, 2021, p. 122), all of which are pathways to diseases development, which could be avoided through becoming more literate with microbiology (Timmis et al. 2019).

2.4 Conclusion of Chapter 2

In this thesis, time is embedded in the I-dimension of the OLI as a macro envelope (Wagner 2020), and in this chapter, I have reviewed some of the taxonomies of time in IB. I presented the differences between inner and standard time and found that a dual-time logic explains the concept of time internalization, which I defined as individual and standard times. I explained why time internalization is an influencing factor in firms’ internationalization. Finally, I argued that time internalization is a competitive advantage of MNEs in their internationalization. In the previous chapters, I presented arguments for my conceptual positioning of the three invisible factors—State agents’ export promotion support, finance, and time—which I have embedded in the OLI envelope. In the next chapter, I describe my methodology, a mixed-method approach with abductive iterations, which is used to confirm my conceptual positioning and to develop it into a conceptual framework.

3 METHODOLOGY

“They are certain minds whose dark thoughts
Are always cluttered in a thick cloud;
The light of discernment shall not peer through.
Thus, before writing, learn how to think.
Depending on whether our idea is more or less obscure,
The phrase follows, either less clear, or sheerer.
What is well thought out is clearly expressed,
And words to express it come easily.”²²

As stated by Vahlne (2020) in his latest reflection on the conceptual evolution of the Uppsala Model and by the methodologist Silverman (2010, p. 6) on the role of biographical “chance factors,” the contextual conditions of the research work and the people who surrounded us have a major influence. These conditions are both the mechanistic process of research and causation beyond the mere logical choices that we define in the early stages of any research work.

This research was refined by two main ideas: clarity and conciseness. The first idea is elegantly expressed in the lines of the French writer and poet François Boileau, who wrote, “What is well thought out is clearly expressed.” I kept repeating this sentence as my motto while I constructed my method, or research strategy, around clarity, conciseness, and reproducibility to apply the same method for future research with a different context/field/subject. A third idea could be superimposed

²² *Author’s (Marion Bitsch) own English translation; French original version provided here:*

Il est certains esprits dont les **sombres** pensées
Sont d’un nuage épais toujours embarrassées;
Le jour de la raison ne le saurait percer.
Avant donc que d’écrire apprenez à penser.
Selon que notre idée est plus ou moins obscure,
L’expression la suit, ou moins nette, ou **plus pure**.
Ce que l’on conçoit bien s’énonce clairement,
Et les mots pour le dire arrivent aisément.”
Boileau (1636–1711), *Art poétique*, Chant I, v. 147–207

on the previous ones: simplicity. In the following paragraphs, the meaning of simplicity is explored.

Current times have become increasingly complex. This complexity stems from the rise of new technologies, which have enabled constant interconnectedness across countries. The rise of big data through the endless collection of pieces of information, and the disappearance of time off periods due to social media overuse, result in feeling that something or someone is missing to be live again. This complexity and its association with uncertainty, which results from constant changes, have made it difficult for the human brain to comprehend and explain the phenomena observed. Thus, making rational decisions has become difficult for individuals with common knowledge.

To solve the dilemma of complexity, one needs a method. As explained by Sull and Eisenhardt (2009), to move from strategy to execution—or from a vision to its realization—one should identify a bottleneck—the ‘why,’ the destination where opportunities or investments exceed resources and create simple rules to solve it. This is where the method comes into play.

This method should be clear, concise, and simple to facilitate implications. It is the “how,” the route to reach the destination—a method that should enable the transition from ideation to action. A method should serve the researcher’s purpose to address a specific research problem and achieve results.

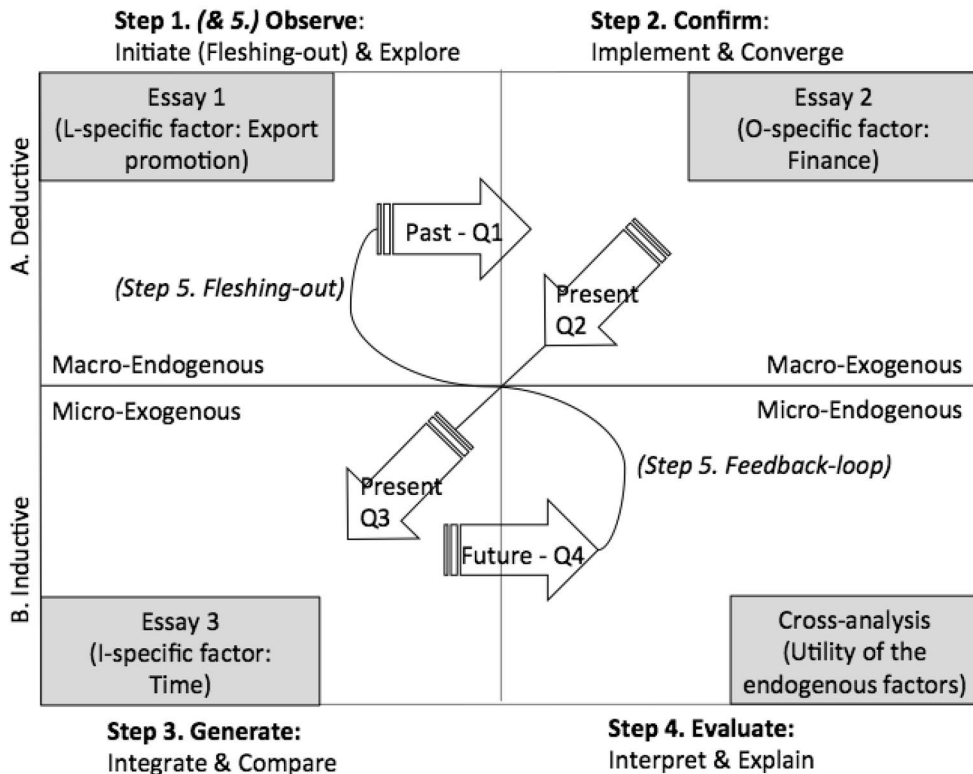
3.1 The research's abductive reasoning

In line with the abductive reasoning (Dubbois & Gadde, 2002; Saetre & Van de Ven, 2021), the OLI structure provides an existing academic debate (positioning) in which I can anchor my empirical observations and develop my own original theorizing. Subsequently, I identify—via abductive processes—how often invisible or implicit components of IB explanations (the State, finance, and time) provide solution trajectories for the gaps in that academic discourse to explain the MNE. I adapted the envelope structure to make it more flexible in terms of firm size, since, as already mentioned above, the OLI can also be included in the context of SMEs.

I would like to highlight this dimension: I did not problematize the OLI theory, but I used its components to anchor my own theorizing and frame and contextualize an abductive process of reasoning. The comprehensiveness of abduction makes it almost necessary to position abductive reasoning within a macro envelope. The possibility to clearly grasp the limits of this process research, i.e. with a visible beginning (L) and a clear end (I), gave me the capability to conceptualize the invisible dimensions of end impacts and the possible causalities at the beginning of the process observed.

The reason for taking an abductive path was to address the lack of theoretical development, the absence of a clear definition of export promotion (Gillespie & Riddle, 2004), and the omission of the finance dimension (Agmon, 2006, p. 576) and time (Welch & Paavilainen-Mäntymäki, 2014), as well as to subsequently generate theory (Steiner Saetre & Van de Ven, 2021). I initiated the research with a conceptual examination of the topic (Essay 1). An evolutionary perspective was taken to consolidate various EP definitions into one for further investigation and possible theoretical development. Then, I sequentially combined the two approaches of quantitative evaluation and case studies (essays 2 and 3). In the cross-analysis section, I reflect on the cross-findings from the three essays, and I propose a strategy for EP based on a conceptual review analysis of four classic authors in the fields of organization, management, and IB.

The overall design of the study can be schematized (figure 4) as a two-phase research process (i.e., observe-confirm and generate-evaluate) with four sub-steps: initiation (essay 1), implementation (essay 2), integration (essay 3), and interpretation (the cross-analysis part of this thesis).



Note: The abbreviations Q1, Q2, Q3, and Q4 are used to denote the numbered quadrants in the figure.

Adapted from Astley & Van de Ven (1983), p.247; Humerinta-Peltomäki & Nummela (2006), p441; Steiner Saetre & Van de Ven (2021), p41.²³

Figure 4: The steps of an abductive reasoning process with a rational anchor.

Using four steps structured my abductive reasoning (Dubois & Gadde 2002; Steiner Saetre & Van de Ven, 2021) and enabled the systematic repetition of the research process into distinct and clearly identifiable sub-phases: initiation, implementation, integration, and interpretation (Humerinta-Peltomäki & Nummela, 2006, p. 441). Data triangulation was performed to make the sets of quantitative and qualitative data complementary.

²³ My research reasoning follows the shape of a helix: from cognitive perception to the processing of intangible material: information to knowledge formation (Wyatt 1972). The top-down path from top-left to right refers to essay 1; essay 2 from the bottom-left to the right; essay 3; ..., shall represent the typical pattern of cognition of the author.

In essay 1, which involved initiation and exploration based on previous research, I explored the ontology of the research. The first essay provided a conceptual background, preliminary understanding, and introduction to the topic of EP and finance at the present time. Essays 2 and 3 tackled the epistemology of the research; I used a deductive approach to understand how the theories explain recent data from 2008–2009 and 2014–2016. Essay 2 builds on the literature review done in essay 1, which served as the basis for hypothesis formation. Furthermore, the theoretical mapping in essay 1 guided and motivated my decision to incorporate finance ownership into the OLI framework in our second essay. The findings of essay 2 supported the research design in essay 3, using case studies to further explore further internationalization's time dimension. In essay 2, since I found that a firm's age was negatively related to DOI and the probability of raising public support, I was interested in investigating whether younger and more internationalized firms would be more eager to raise public support. This proposition is explored in essay 3. Step 4 comprised the cross-analysis part of this thesis, where I captured the observations and findings from essays 1–3 and explored their implications and lessons learned; then, I returned to the concepts. Finally, in Figure 4, I identify steps for the continuation of our research, based on a feedback loop (Step 5) and returning to Step 1 to flesh out the findings related to the endogenous factors' utility (i.e., to confirm the time-internalization concept based on export-promotion service providers' data).

To summarize the abductive reasoning development as I have implemented it for the specific observational study of export promotion:

1. I observed in practice and then in different empirical studies that finance, state, and time are important to explain the export promotion phenomenon.
2. These aspects are surprising because they seem to be very important in the empirical studies, but surprisingly under-acknowledged in the IB discourse.
3. Based on the identified anomalies in the empirical studies, I looked for conceptual anchors in IB (the previous theories used in past articles about export promotion, as well as my IB knowledge of theories for the missing ones, e.g., Eclectic paradigm).
4. I choose my conceptual frameworks in line with abduction logic to build my logic by making connections to these concepts and explanations, but also by building new explanations that relate to these major bodies of IB literature.

My research design is a mixed-methods approach. The macro-level conceptual essay (essay 1) grounded the research on previous studies. Then, I combined quantitative regression (essay 2) and qualitative case study (essay 3) approaches sequentially so that they complemented each other. The underlying idea was to explore, converge, compare, and explain various stakeholders' perspectives on firms' internationalization, from the macro-endogenous and exogenous units of the

country to the micro-exogenous and endogenous lenses of the analysis of the manager.

3.2 Operationalization of the research

The starting point for the choice of a research method strategy should always be the research problem (Hurmerinta-Peltomäki & Nummela, 2006) and the researcher's assumptions about reality (see the sub-section 3.3.1. titled Philosophical system). This project is based on a desire to understand the interactions and integrate (i.e., how to make apparent) the three invisibles of State agents' export promotion support, finance, and time, into international business research. This *curiosity-driven basic research* approach is typical in the Life sciences; however, in management research, the approach of unveiling anomalies has been described in the previous section as abductive reasoning (Dubois & Gadde, 2002; Steiner, Saetre, & Van de Ven, 2021).

In the present research work, the research design option was a mixed choice of quantitative and qualitative research methods (Leech & Onwuegbuzie, 2011) to go beyond the limitations of previous research. My choice was based on several observations. In my literature review of articles published on the topic of EP, quantitative methods dominated (57%). However, in this research work, I argue that EP and government support for internationalization is a much more complex issue than simply the support of the exportation stage (Leonidou et al., 2011). The assumption that internationalization is linear and sequential has been proven false by the "born global" (for a definition see: Cavusgil & Knight 2015) phenomenon, and the specific context should be accounted for simultaneously. The preference for quantitative design and the focus on exports as a proxy are useful in finding an explanation for the government's requirement that EPOs produce measurable indicators of their effectiveness and, hence, their impact on the national economy and benefit society. To date, using only quantitative or only qualitative methods has fallen short in providing a comprehensive understanding of the research issue and has not achieved consensus in the field. Consequently, to obtain a holistic, in-depth understanding of the research topic, I used a mixed-methods design.

3.2.1 Operationalization table

The operationalization table depicted in Table 9 provides a summary of the three essays' research questions, theoretical frameworks, main concepts, and themes of analysis, as well as their results, findings, limitations, conclusions, and suggestions for future research. Column 'F' in Table 9 provides evidence of abductive reasoning development during the research process.

Table 9: Operationalization table.

A. Research problem	B. Subproblems	C. Theorizing process elements	D. Main concepts	E. Themes of analysis	F. (Bold text evidences the researcher's abductive reasoning , i.e. "that's interesting, funny, or an anomaly") a. Results; b. Findings; c. Limitations; d. Conclusion; e. Future
<p>How does the combination of export promotion, finance and time explain firms' internationalization?</p>	<p>B.1. <i>How do different national export promotion services and locations compare?</i></p>	<p>C.1. 01. Literature review 02. Historical evolutionary frameworks</p>	<p>D.1. 01. Export promotion history 02. Case studies at the country level of EP structures</p>	<p>E.1. 01. Export promotion (EP) 02. Export finance (EF)</p>	<p>F.1. a. In academia, most EP publications are in the field of marketing, i.e., in marketing, EP focuses on the market location factor. b. No theoretical development in EP: Proposal of a theoretical mapping. EP tools and services are location-specific. Historical evolution of EP is characterized by institutional mimetism across countries in time. c. Neglect of the financial dimension as an internationalization factor. d. EP research is anchored in location. In EP research, a firm's internationalization is hypothesized to start with the location factor. e. Need to explore the role of financial factors in internationalization.</p>
	<p>B.2. <i>How does the finance ownership factor enable or constrain firms' growth and internationalization?</i></p>	<p>C.2. 01. Secondary data survey 02. Dunning's Ownership Location Internationalization paradigm (selection based on F.1.b)</p>	<p>D.2. 01. The financial factor in internationalization (based on F.1.d) 02. Finance as an ownership dimension</p>	<p>E.2. 01. Financing resources 02. Public financial support 03. Degree of internationalization (DOI)</p>	<p>F.2. a. The financial factor as an ownership dimension, more financing resources, correlates negatively with DOI. b. The probability of raising public financial support is correlated negatively to firms' increase, and moderates firms' DOI. c. The financial factor as an internalization dimension was not explored due to the cross-sectional design of the data. d. A firm's internationalization is hypothesized to be influenced by resources (current pre-existing and/or future resources). e. Need to account for time in the exploration of the role of the financial factor in IB.</p>
	<p>B.3: <i>How does the time internalization factor in the internationalization of firms relate to export promotion and finance?</i></p>	<p>B.3. 01. Primary data survey 02. Secondary firm data</p>	<p>D.3. 01. Time (based on F.2.d) 02. Firms' financial factors in internationalization, idea to realization</p>	<p>E.3. 01. Firm's establishment (based on F.2.b) 02. Timing of internationalization</p>	<p>F.3. a. Correlation between a firm's age and its use of EP and financing b. Complementary between long-term and short-term perspectives on internationalization (DOI; % exports) c. Preliminary finding regarding internationalization as a risky financial strategy; causality not explored due to small sample size. d. Firm's internationalization is hypothesized to be influenced by the firm financial strategy (especially proactive or reactive strategies). e. Need to clarify causality between internationalization timing versus firm's age and the obtaining of EP and EF services.</p>

In the operationalization table, I review the main research steps, findings, and conclusions of the three essays. The table 9 illustrates how the different research parts informed each other. Column C contains the structural elements/ building bricks/ raw materials that have guided the development and construction of theoretical thinking/ theory development. It intends to describe my approach to the role of theories, theoretical thinking, and theory development. My approach to theories is also evident in the other parts of the thesis.

Studies 1–3 (see the respective essays 1–3 at the end of the thesis) were separate investigations into the spheres of ECA influence on firms' internationalization. The purpose was to understand their impact(s) since the task had no predetermined positivistic assumption. To accurately understand impact, I had to search for causation; hence, the origins in time. Using abductive reasoning, as in 3 Section 1 (according to Saetre & Van de Ven, 2021), I investigated the possible or expected impact(s) from different perspectives and levels of analysis in three different essays. The essays informed my progressive deeper understanding, and the different surprising observations built the progressive theorizing. The LOI then became the logical anchoring and positioning framework based on the sum of the observations across the three essays taken together. If the essays were only considered separately, surprising facts would not have emerged.

As described in Sub-section 3.1, I used abduction to investigate how and what each essay established as a surprising anomaly; how one essay led to another and how that influenced my theorizing are summarized in the operationalization table (Table 9, page 90 above). The reader should keep in mind that while in the middle of this mist of data, the various analysis methods used, the numerous comments collected from diverse sources, and the many directions that kept popping up, a mind with an abductive reasoning is able to focus on one goal at a time. The iterative cycles of abduction, moving from data to theory and back again, the researcher keeps the focus on the path, so that one goal at a time means (e.g., moving from data to theory and when moving from theory back to data), that is, then the next sole goal that the researcher has in mind at a time.

In short and in bullet points, the abductive iterations of research is defined by:

- i) A clear focus
- ii) Curiosity for details
- iii) Cumulative ordered information acquisition
- iv) A systematic organization system of knowledge

In the first essay, I looked at the macro institutions' unit of analysis for export promotion. My surprise was to find that the previous literature about EP was focused on the market location factor (the review of previous theories was necessary for me to become aware of this particularity). I found the absence of theoretical

development in the EP literature intriguing. I came to analyze the historical evolution of EP institutions in much greater detail. The analysis led me to identify the theoretical concepts. Subsequently, I discovered that the financial dimension was largely neglected in academic literature, especially in the IB literature, which set to explain the determinants of firms' international success. As a result of the first essay, I focused on exploring further the financial dimension.

In the second essay, I looked at the meso organizations' unit of analysis. I was surprised to find a negative correlation between firms' financing and the degree of internationalization (DOI). I found it interesting that public financial support would act as a moderator of the DOI, although it was not possible to establish causality due to the cross-sectional design of the secondary data used (the European EFIGE²⁴ database). Through extensive discussions (as a practitioner and employee for the Finnish ECA), I realized that the access to data was a shared issue for the ECAs and researchers and that such data was expensive to collect, would take considerable time and was methodologically complex to implement (e.g., which method? If several methods are used across countries, how can data formats be converted? In which platform should it be shared? Which support solution should be used to store the data?). Therefore, in the third essay, I endeavored to collect primary data with a focus on time in the exploration of firms' financing strategy for internationalization.

In the third essay, I looked at the meso organizations' unit of analysis (between firms and ECAs) in one country, France. When analyzing the whole survey dataset. I found a correlation between a firm's age and its use/obtention of EP and financing. The survey revealed that firms had long-term and short-term perspectives about internationalization, hence the importance of time. The financing dimension was perceived as an opportunity to internationalize even though internationalization would not initially be a desired goal. In this specific case, the obtention of the financing plays a determining role in the subsequent pursuit of the project but is not the direct cause. Indeed, the obtention of financing would not necessarily lead to internationalization, and inversely, non-obtention sometimes did not discourage the firm's owner from pursuing the project. Causality could not be established, but from further discussions with the interviewees, I could draw an additional hypothesis: that firms' internationalization was influenced by its internalization financial strategy, i.e., to have a proactive (versus a reactive) approach. From subsequent discussions with the interviewees about their decision-making process, an impression of consensus emerged regarding the critical role of emotions. Since emotions were out of my initial goal, this is where this dissertation's investigations have stopped.

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From the essays' descriptions, it becomes clear that the second essay is dependent on the findings from the first, and similarly that the third was dependent on the two previous. Finally, the theorizing would not have developed without the three essays being subsequently placed into the emerging framework. Finally, the consolidation of the theorizing came for the reorganization of the framework in time.

3.2.2 Mixed-methods research

In the present research, along with abductive reasoning (Dubois & Gadde 2002; Steiner Saetre & Van de Ven, 2021), we used a mixed-methods approach to explore and understand how EP and finance research areas connect with the IB discipline. Mixed-methods research appeared and accumulated during the 1950s–1980s, and it is now accepted as a separate research design (Creswell and Plano Clark, 2007, as in Cameron & Molina-Azorin, 2011, p. 257; Cantwell, Dunning, & Lundan, 2010; Knight & Cavusgil, 2004). It is a type of study that “combines qualitative data collection and/or analysis with quantitative data collection and/or analysis in a single study. The data may be collected concurrently or sequentially and combined at one or more stages in the research process” (Hurmerinta-Peltomäki & Nummela, 2006, p. 441). According to Johnson (2009, p. 449), mixed-methods research’s “working goal is to provide pragmatic, ethical solutions to local and societal problems. To achieve this goal, researchers should cease writing articles that construct straw figures (based on old literature).”

In the discipline of IB, for instance, in the *Journal of International Business Studies*, there are two examples of mixed-methods research articles published: one is an award-winning article by Knight and Cavusgil (2004), which combined case studies with a subsequent survey, and Cantwell, Dunning, and Lundan’s (2010) article, which mixed institutional theory and the Eclectic Paradigm. The field of IB itself also justifies methodological pluralism, as “it is a multi-faceted area of research, crossing national, cultural, organizational, and personal boundaries, and inspiring quite complicated research questions” (Hurmerinta-Peltomäki & Nummela, 2006, p. 440). My research is also in line with recent knowledge production trends in the IB field. Since 2004, there has been a “clear movement toward sophisticated forms of mixed methods research to provide richer, sharper, bifocal insight” (Coviello, 2015, p. 19). In IB papers, mixed-methods approaches are used in 17% of the empirical studies, whereas single-method quantitative design accounts for 68% of the total, and single-method qualitative design accounts for 15%. As mentioned by Doz (2011, p. 582), “qualitative research in international business has been rare,” which is a loss to the academic advancement of the field. Qualitative research can contribute to IB in two ways: by “overcoming the limits of borrowed theories and quantitative empiricism” and by “opening the black box of

organizational processes, the how, who, and why, of individual and collective organized action as it unfolds over time in context” (p. 583).

“Mixed-method designs are defined as including at least one quantitative method (designed to collect numbers) and one qualitative method (designed to collect words)” (Caracelli & Greene, 1993, p. 195); however, “a study that includes both data types without integration is merely a collection of methods” (Harrison, 2013, p. 2153). Therefore, in the following sections, I explore mixed-methods principles and design. I ponder the rationales for using a mixed-methods approach, as well as identify the different steps of the approach and explain how the data are integrated.

From a list of 16 rationales (Harrison, 2013), I identified the three most relevant to our research question: completeness, process, and utility.

- **Completeness:** “Bringing together a more comprehensive account if both quantitative and qualitative research is employed.” (Harrison, 2013, p. 2154), this enables me to answer what (is the picture and macro structure of EP and EF?), why (are EP and EF in their current state of development?), and how (can EP and EF be extended further and hence combined to contribute to firms’ internationalization behavior?) questions.
- **Process:** “Quantitative provides an account of structures in social life, but qualitative provides [a] sense of process.” (Harrison, 2013, p. 2154). Thus, the quantitative dimension produces a static overall understanding of the phenomenon under study, and the qualitative approach facilitates developing a deeper understanding of operations and their development; quantitative studies focus on the results, whereas qualitative research focuses on actions.
- **Utility:** “Among articles with an applied focus, the combining of the two approaches [quantitative and qualitative] will be more useful to practitioners and others.” (Harrison, 2013, p. 2154). The idea behind using both quantitative and qualitative methods is to increase the scope of investigation from theory to practice and from practice to theory. Furthermore, by incorporating the practical dimension into my research process, I will be able to address a wider audience.

In the research question, I considered the internationalization process rather than simply the stage or level of exports. Therefore, I encompassed governmental efforts to increase, for instance, incoming foreign direct investment (Wilkinson & Brouthers, 2000b) by providing IS. It is a more complex phenomenon to research, and it requires adaptation. Adaptation in research can be done by using a mixed-methods research design combined with abduction. Otherwise, had I used a single-method approach or a single paradigm, I might have encountered the same pitfalls found in the literature: limited theoretical advancement due to no consensus on the role of EF and limited evidence of the impact and effectiveness of EP.

In my research, the mixed method is a “methods come first” research approach. In practice, this means that one starts with a first iteration (identified here as an essay) by observing the phenomenon with the best tools available. The researcher then collects and analyzes the data, finding results that link back to the past research and theories, if related. These links provide new information to the research process, which the researcher will use as data to form the basis of the second iteration. In the second iteration, the researcher follows the same logic and modifies some parameters, e.g., the method and/or the lens of analysis. The succession of iterations enriches the research at both the output level (findings) and the input level (data). This process illustrates how the essays were interrelated in my research, being both inputs and outputs for each other.

3.3 The positioning of the study

How does the human brain conceive reality? A brief example is provided below to illustrate the notion of pluralism applied to cognitive reality construction.

Table 10: One cell illustration.

<p>A gnotobiotic mouse bridges the box. Why did this animal bridge the box?</p> <ul style="list-style-type: none">▪ Descartes: "In order to explore the other side."▪ Plato: "For its well-being. It thinks out of the box."▪ Aristotle: "It is the animal's truth nature to be curious."▪ Marx: "It was historically and sociologically inevitable."▪ Hippocrates: "It is due to an excess of pancreatic secretions."▪ Einstein: "The fact that a mouse explores a box, or a box moves beyond a mouse is only constitutive of a reference frame."▪ Freud: "The fact that you are concerned with the fact that the animal explores the box unveils a strong feeling of underlying sexual insecurity."

Anonymized and translated from a social media, Info: Aug 2020.

From the example above (Table 10), it seems that resolving reality depends on one's sensitivity or focus (i.e., in the above example, the words side, truth, nature, inevitable, excess, reference, or insecurity); therefore, it has some personal bond. In the next section, I will define how the author conceives reality in general.

According to Vahlne (2020, p. 243), "the inhabitants of any country possess certain core beliefs and assumptions of reality which will manifest themselves in their behavior." Hence, what is reality, and how does an individual conceive its reality? Is reality constructed, waiting out there to be discovered, or a combination of both? Furthermore, what kind of reality was used in this research work? Sull and Eisenhardt (2009, p. 5) asked whether "researchers start with a worldview or conceptual problem, a general purpose for conducting research, a research question, or some combination thereof."

Thus, reality is neither all black nor all white, and people differ in their perceptions of whether the glass is half full or half empty. One might argue that extremes should be avoided, but there can be no middle without knowledge of the extremes. Full knowledge can only be achieved through exploration and self-experimentation. This kind of research, which features the human experience, is

exemplified in the ‘emotionalist model’ (Silverman, 2010, p. 6) and falls into the category of a qualitative research design.

In this chapter, I present the research design and philosophical underpinnings of the research process. This chapter is dedicated to enabling the reader to follow, understand, and perhaps subscribe to the logic. This is also meant as a possible implementation example for future researchers at the crossroads of multiple methods and paradigms.

The research philosophy helps the researcher determine which method(s) will work best. According to Lewis (2006, p. xvii), researchers first need to understand alternative options and viewpoints so that they can master the assumptions related to their own perspectives. Therefore, the alternative paradigms were reviewed and considered prior to choosing the abductive reasoning for this research.

3.3.1 Philosophical system

In terms of philosophical choices, researchers have historically had to choose between two paradigms or worldviews. A paradigm is defined as a “set of beliefs that guide action” (Creswell & Clark, 2007, p. 19). These two options are (post)-positivism, which has traditionally been used for quantitative research, and constructivism, which has generally been associated with qualitative research. According to Morgan (2014, p. 20), “In this philosophical system, [one group] claims that the world exists apart from our understanding of it, while constructivists insist that the world is created by our conceptions of it.”

In the field of organization theory, Burrell and Morgan (1979) proposed a multi-paradigmatic review with four dimensions: the interpretive, radical humanist (also known as anti-organization) and functional, radical organization paradigms, which can be divided into two meta-theoretical categories: subjective and objective. From an interpretive viewpoint, the social world is a subjective construction of the human mind. Individuals create their world through the meaning they give to their shared intersubjective interactions, i.e., through interactions between individuals, meaning is created. The social world has no hard and concrete independent existence. It is the product of individual consciousness, but interpretive theorists accept that there are externally imposed rules. From this viewpoint, organizations can be approached through either ethno-methodological or phenomenological methods. In the first view, organizations are considered structures, common-sense constructs, and tools of analysis. The second view emphasizes the observation of the phenomenon in its action framework; the context is important in understanding the organization. The interpretive paradigm is used for research questions dealing with the process of creating meaning.

Next, the radical humanist perspective is an idealist view. My understanding of the above perspective is that nature is approached in its early etheric form instead of its later material dimensions. This paradigm is close to the interpretive view in the sense that both approaches of reality assume the individual directs the world in which it lives. Yet these perspectives differ in their goals. Indeed, the interpretive view is used to understand the nature of the process of reality creation, whereas radical humanists critique the alienation of man. The latter are concerned with the freedom of the human etheric form of mind called “spirit”. The radical humanist paradigm is used for research questions involving the understanding of the negative impacts, through domination, of the organization on human consciousness.

The functionalist view is the foundation for the study of organizations, as most of the theories in this field fit within this paradigm: social systems theory, objectivism, the action frame of reference, and theories of bureaucratic dysfunctions. Organizations are studied as processes. In this view, the individual is accorded with essentially passive behavior determined by his or her external environment. The objective of functionalist theorists is essentially to observe and understand how the organization performs work, and from the behaviors produced predictive theories can be deduced.

Finally, the radical organization view is a mechanical approach to understanding organizations. It involves studying the social structure of relationships, especially the state and its bureaucracy, and their domination of workers. However, radical organization theorists claim that this paradigm should not be reduced to its mere objectives. Indeed, emphasizing radical organization theory’s core concepts of totality and power relationships as a lens of analysis can prove informative when attempting to understand and compare situations. The aim of the radical organization paradigm is the emancipation of individuals through intellectual independence from powerful institutional consensus and acceptance. Each of these views proposes a different conception of reality and a different associated research framework.

3.3.2 Paradigms best suited for mixed-methods research

To address my research question (i.e., “How does the combination of export promotion, finance, and time explain firms’ internationalization?”), I investigated different perspectives and institutional organizations at the country level, as well as at the level of firms and individuals. Consequently, depending on the unit of analysis, the conception of reality might change depending on the final goal of the specific stakeholder. Therefore, embracing only one of the paradigms discussed in the previous subsection would limit our analysis. According to Mertens (2012), in a mixed-methods design, three paradigms can be used: the transformative paradigm, the pragmatic paradigm, and abductive reasoning (although the author used the

wording “dialectical pluralism,” I used “abduction,” which is more comprehensive, accommodating both the concept and the method of dialectical pluralism). The transformative paradigm focuses on the “enhancement of human rights and social justice” and “accepting different versions of reality over another are evaluated in terms of their ability to challenge oppressive systems” (Mertens, 2012, p. 256). In this sense, it has some interesting commonalities with radical organizational paradigms.

An alternative paradigm is the pragmatic stance. Initially, pragmatism was conceptualized as using the method that worked best to answer a practical question. Recently, researchers have proposed the use of pragmatism as a paradigm for social research (Morgan, 2014) to replace the traditional dichotomous views. It has been argued that constructivism and post-positivism are simply “two sides of the same coin” (Morgan, 2014, p. 1048); furthermore, “pragmatism insists on treating research as a human experience that is based on the beliefs and actions of actual researchers” and “concentrates on beliefs that are more directly connected to actions” (p. 1051). Another interesting dimension of the pragmatic approach is that it should put up with ‘humanistic values’ (Kelemen & Rumens, 2012, p. 10). This means that the whole individual is accounted for, and consciously involved with interconnections between the mind and the body. In this respect, my research approach could be considered pragmatic. But the main objective of research is not to directly have concrete applications, I therefore considered the alternative third paradigm.

Among the three paradigms, I used the abductive reasoning to generate theory (Dubois & Gadde, 2002; Steiner Saetre & Van de Ven, 2021). This enables the researcher to combine several paradigms, both post-positivist and constructivist, and methods, both quantitative and qualitative, in the same research. It allows multiple stakeholders’ perspectives to be included. Previous authors who used a similar approach were Greene (2007), as in Johnson (2008), and Green and Hall (2010), as in Teddlie and Tashakkori (2012, p. 779).

3.3.3 Using an abductive reasoning produces co-corporeality as it accommodates several stakeholders’ views

The abductive reasoning, or abduction, as represented in the recent article by Saetre and Van de Ven (2021), involves looking at surprising things or “abnormalities”. Those are simple facts, or results, not yet published in the last and most recent theoretical papers, usually those published from now to going back ten years. These observations allow the formulation of a proposal, which becomes a research problematic. It then equals a research question, which is discussed vis-à-vis the

extent theory. Then, the theoretical discussion will aim to enable the finding of new trajectories and possibly it will rebuild contributions' direction.

Following an abductive reasoning fits the goal of finding novelty. Abduction is handy when in times of change. A first illustration is when old realities are challenged by new generations. A second example is when new realities are not yet normalized either through present theories or accommodated in updated versions of past theories. Those dimensions often will categorize modern times.

IB researchers who use the abductive reasoning are a minority. A reason for this trend might be that abductive reasoning is not so clear, well-established, and accepted in IB. It is an approach that enables a researcher to take a system view and to explore dynamics and interactions. However, many *scholars* in IB, me included, will continue to prefer the number-based methods. Thus, in my research I have presented conjointly the quantitative side of phenomena.

My research has sought to explore modernity. So, using abduction I rediscovered the old realities with candid eyes, meaning "with no preconceived judgmental ideas" (Marion Bitsch). My purpose was first to determine whether the observations of the past would still be valid dimensions for the present.

The abductive reasoning is a research pattern that I used to develop my research method. In this dissertation, the abductive reasoning was conducted over three phases as presented in the operationalization table (labeled B.1, B.2, B.3). Each phase involved a different study and presented a different viewpoint. I have tried to simplify the complexity of looking at dynamic systems' interactions through a visual representation of elements inside/outside, with the more static depicted through squares, and the dynamic dimensions represented in circles. Such visual representation enabled me to accommodate several (at least, two) points of departure for the stable observation of a reality. Subsequently, I tried to understand which specific ecological interactions produced the reality observed? And what interactions lead bilateral evolutions, versus individual adaptations?

One motivation to adopt a system view, i.e., for combining multiple stakeholders' views through abductive reasoning, is to decomplexify reality and to answer one question about co-corporeality: what comes first evolution or adaptation?

Individuals are the witnesses and stakeholders of the construction of time. Time seems increasingly complex due to its changing nature. However, communication between two stakeholders, preceded by the establishment of some sense of trust, is expected to lead the move beyond a status quo situation and to (re-)initiate a relationship (Clarke & Liesch, 2017). A parallel for business transactions to occur, stability is needed within the shelter of a system, comprehended as simple structures and clear guidelines along a unified time dimension. However, the time sharing among stakeholders is no longer straightforward. It requires the partners' agreement, which is generally materialized through a contract that involves transactions and

resources (money for time, time for money) and produces value. Providing such structures and directions is among the purposes of the field of IB.

In light of this complexity, the present work answers the call for an interdisciplinary effort (Penn, 2003; Sear, Lawson, & Dickins, 2007). In a recent article, Vahlne and Johanson (2017) suggested taking the dimension of individuals into account in the most recent version of their model as well as opening the firm's black box in the sense that its internal influencing factors have not been considered (Aharoni, 2010; Penrose, 1959; Vahlne & Johanson, 2017).

This thesis includes "a polyphony of voices, with no one voice, including that of the researcher, claiming final authority" (Flyvbjerg, 2001, p. 139). The objective is to confront four different stakeholders' reality conceptions about firms' internationalization. The research hence was conducted at the intersection of export promotion, finance, and time in order, to overcome misconceptions and unproductive divergences. The purpose of such a design is to avoid any of the 52 unconscious cognitive biases (Dobelli, 2014). Biases are caused by individual backgrounds and chemical preferences. Repairing destroyed or hijacked chemical communication would recover the sense of a past or lost common reality to re-integrate it into a co-corporeality.

This specific design was achieved through an exploration of conjointly theoretical and practical research in an abductive reasoning format (Saetre & Van de Ven, 2021). Multiple stakeholders' perspectives were used to reinforce the value of the reality proposed in the thesis.

As a conclusion to this section, the research method developed in my dissertation represents a solid point of departure to identify what is normal from what constitutes something new and what is an evolutionary (evolutionary understood as cumulative constructive conservation of the existing) novelty? As a result of these comparisons, the researcher should be able to define a robust normality and to produce subsequent standards on this definition to rebuilt, through symbiosis (Nelson & Cox 2008, p752), a stable old co-corporeality.

3.3.4 Data analysis

My objective in this research was to provide a more comprehensive understanding of the role of export promotion and finance in IB by examining the internationalization process of firms and support providers (i.e., EPOs). Previously, export promotion was merely studied through the lens of an analysis of one aspect of internationalization: exports. In my study, I examined several perspectives to account for the different stakeholders involved in the process: the government's and the firms' managers. As IB encompasses multiple fields, it can borrow from a wide range of theories; I designed the research to take advantage of this theoretical diversity. In doing so, I also answered the renewed call, initially from Dunning, for

interdisciplinary research in IB (Cheng, Birkinshaw, Lessard, & Thomas, 2014). I wanted my research to have utility for practitioners and to make recommendations accordingly. In my research, I used three sets of mixed methods. Table 11 summarizes the research data analysis across the three essays presented at the end of this thesis.

Table 11: Data analysis.

Essay number and title	Sub-reasoning, research design, and target	Data, source, and analysis process	Unit of analysis and timeline
-1- Addressing the finance gap in IB: A literature review combining EP services and locations to support firms' internationalization	Deductive; conceptual; initiate-explore	-Literature review: 64 key articles over 50 years (1962–2015); out of 2093 screened, 186 reviewed -Five country case studies -A total of 38 EPOs -Internet public domain data	-Macro institutions, through five EU countries: AT, DE, FI, FR, SW -Longitudinal observations
-2- Does reality match theory? An assessment of the role of SMEs' finance ownership factor and age ownership advantage within the eclectic paradigm	Deductive; positivistic; implement-confirm	-Sub-sample of 813 SMEs in 3 European countries out of 15K in 7 countries -Survey 2007-2009; secondary database: EFIGE ²⁵ -Quantitative: TOBIT regression model and OLS	-Meso organizations in three EU countries: AT, DE, FR -Cross-sectional observations
-3- A survey on the relationship between firms' management use of public support and their internationalization timing	Inductive; constructivist; integrate-explore	-32 anonymized firms, out of 107 contacted and 38 answers - Primary survey 2014-2016; -Phenomenological research and statistics	-Meso organization, in one country: FR; -Cross-sectional observations

As mentioned in Table 11, I used deductive reasoning in the first essay to initiate the research and explore the conceptual dimensions of the topic of export promotion. I conducted a literature review of a sample of 64 key articles (out of 186 selected from 2,093 screened articles) spanning a period of 50 years, from 1962 to 2012. The

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review enabled the identification of gaps and the formulation of five dimensions around which the EP definition could be unified. To confirm the practical validity of these five dimensions, I then conducted five case studies at the (macro) country level in Austria, Germany, Finland, France, and Sweden. I extracted the data from the public domain on the Internet and from the official websites of targeted organizations, which I reviewed. In this macro-group, I included 38 export-promotion organizations (EPOs). My purpose in providing a unified definition was for future studies to enable the comparison of EP services on a common, standardized basis. Combining a historical approach (Cantwell et al., 2010) with case studies (Eisenhardt, 1989) enabled me to observe the longitudinal coevolution of EPOs at the country level.

The second essay is a continuation of the deductive reasoning initiated in the first essay. My purpose was to implement and confirm some of the conclusions for future studies from the first essay (i.e., regarding the lack of focus on financial services). I used a secondary database, the results of a European survey collected in 2010 (covering the years 2007–2009) through a framework project titled *European Firms in a Global Economy (EFIGE)*, which was the follow-up of a previous European-funded project titled *European Firms and International Markets (EFIM)*. I used TOBIT and OLS models to perform a quantitative regression analysis of a sub-sample of 813 selected SMEs from three European countries: Austria, Germany, and France. Since the EFIGE did not include Finland and Sweden, these countries are missing. Since the observations were cross-sectional, I could not test for causality.

In the third essay, I used inductive reasoning focused on cases and integrated previous conclusions from essay 1. My objective was to further explore the phenomenon of the time dimension in EP. I conducted a survey and performed a statistical analysis of the phenomenon of internationalization timing in 32 anonymized French firms. Due to my difficulty obtaining identity information, financial statements, exports share information, and performance indicators from existing databases, I built the sample from several annual rankings of the best performing internationalized companies. I received 38 responses from 107 firms (refined from an initially identified sample of 375 firms); six responses were from non-managers. Therefore, I excluded them for decision-making position consistency. The response rate was above 30%, which is higher than usual rates found in other previous studies. I collected all the financial statements available from public databases, and I was thus able to consolidate five years' (2010–2014) worth of data. I used the Mann-Whitney U non-parametric comparison test because it is suitable for small samples and for testing the significance of performance indicators. Furthermore, in the survey design, I focused on three time points: the firm's establishment, the decision to go abroad, and the realization of internationalization.

Due to time and resource limitations, I collected only cross-sectional observations; therefore, I could not test for causality.

3.4 Evaluation of the research

3.4.1 Research quality

With the need to publish despite the costs (Masic, 2012), the contemporary phenomenon of information overload (Buchanan, 2011), “fake news” spread across social networks and political gamesmanship. Research quality is even more critical to (re-)creating trust among the general public in the findings produced by academic research works (von Braun & Sorondo, 2018). Therefore, a detailed evaluation method that the reader can quickly and easily use to assess the different dimension is summarized in Table 12 and presented below, which could contribute to building trustworthiness throughout any research process. This checklist method was inspired by knowledge gained from attending Finnish doctoral graduate courses.

Table 12 provides a summary view of the criteria developed in Table 13 for positivistic research, which typically uses quantitative methods; the following four criteria apply: internal validity, external validity, reliability, and objectivity. For qualitative explorative and inductive research, the quantitative evaluation criteria are matched with credibility, transferability, dependability, and confirmability. Finally, a fifth criterion applies to both quantitative and qualitative research: applicability.

Table 12: Research quality, mixed-methods evaluation short checklist.

Positivistic research, quantitative confirmatory methods	Inductive research, qualitative exploratory methods
Internal validity	Credibility
External validity	Transferability
Reliability	Dependability
Objectivity	Confirmatory
Applicability	

Since the present research utilizes the mixed-methods design, I created a checklist of criteria applicable to both quantitative and qualitative methods to assess research quality. This checklist is based on Lincoln and Guba’s (1986, 1985, 1988), Eisenhardt’s (1989), Eisenhardt and Graebner’s (2007), and Yin’s (1981) work.

In Table 13, I propose a checklist method for accompanying the reader. The checklist method guides the reader through the different steps applied to each of the

evaluation criteria. Each of the three essays was subjectively assessed separately, but all essays were assessed based on the same subcriteria, which enables their comparison. For instance, the first criterion, credibility, assesses how well the study's findings fit reality. This question was answered for each of the essays, and an essay-specific evaluation score was proposed at the end of the sub-steps. For my example, for the first criterion, credibility, there were nine sub-criteria; I addressed all of them at least once in the essays. However, no essay fulfilled all sub-criteria. The individual criterion's maximum scores were seven for essays 1 and 3 and five for essay 2. I used a table format for the presentation of my assessments to facilitate the visual comparison of the essays and to identify their respective limitations.

Table 13: Research quality evaluation checklist.

(Sub)criteria	Focused criteria
Credibility = Internal validity & generalizability	<i>How well do the findings of the study fit reality?</i>
1	Pre-understanding of the phenomenon, familiarity with the cultural context/being in the field for a prolonged period of time
2	Persistent observation
3	Transparency through method description/used established research methodology
4	Placing data (from the informants) in a wider historical and theoretical context
5	Triangulation of: -Data sources: archival material for historical events/large number of secondary sources = cross-checking the information -Informants: tracing people back in time -Methods
6	Peer reviews/debriefing (through reports, presentations in research laboratories, and conference papers)
7	Negative case analysis
8	Referential adequacy/informant trustworthiness through member checking and iterate questioning
9	Examine previous research findings
Evaluation score /9	
Transferability = External validity & generalizability	<i>Can the findings of the study be applied to other contexts and populations? Does the study enhance a context-specific understanding of the phenomenon? Can the findings from particular cases be fitted into existing theory so as to extend the theory?</i>
1	Context-specific understanding of the phenomenon
2	Observation of "exceptions" (extreme cases) from the conventional cases
3	Multiples cases, multiple contexts
4	Methods that enable replication logic
5	Boundary logic (what is not included/ criteria for exclusion)
6	Possibility to transfer to other empirical and theoretical contexts and time
7	Sample/case firm(s) representativeness
8	Using the same data collection method through several countries/cases
Evaluation score /8	
Dependability = Reliability	<i>How dependent are the findings of the research on the enquiry itself? Are the research questions clear and congruent with the design of the study? Audit trail: How was the research process conducted (retrospective verification)?</i>
1	Selecting the sample/choosing the case firms
2	Collecting the data/provide examples (for raw data collected)
3	Analyzing the data
4	Consultation of recordings, transcript, memos, logs, visual maps, information coding
5	Software used
Evaluation score /5	
Confirmability = Objectivity (can be ignored in the social-constructivist approach)	<i>Audit trail: What is the quality of the research product? How much does the final product represent the objective reality of the informant (and not the subjective interpretation of the researcher)?</i>
1	Are the findings and interpretations linked to the data?
2	Recommendations
3	Whole research process described in detail
Evaluation score /3	
Applicability	<i>What is the utility of the findings?</i>
1	Suggestions for future/further research
2	Explanation of practical implications for managers/ policy makers
Evaluation score /2	

I reviewed the quality of the three essays across five evaluation criteria: credibility, transferability, dependability, confirmability, and applicability. I considered the quality of the individual essays sufficient when at least half of the sub-criteria were met. All three essays met this requirement, thereby supporting the quality of the overall research process. Since I designed my checklist for its application in both quantitative and qualitative methods, it could also be used to evaluate nonmixed studies.

3.4.2 Research trustworthiness

Trust is a vital and rewarding aspect of humanity and a key dimension for official Export Credit Agencies (ECA), like FINNVERA, as official ECAs represent trusted State Agents.

Following the line of discourse trust can free one's mind from loneliness by entering a process called "intimate co-creation" (Saetre & Van de Ven, 2021, p. 30), which might ultimately reach the flow of Nobel prize-winning collaboration. Researchers especially need to consider trust when their research's intention is to: set the limits of novelty and life (Newell & Marabelli, 2015), facilitate living in society, create communities of consciousness (Académie des Sciences, 2016), anticipate and rationalize emotional behaviors, and make decisions based on intuition. Because intuition comes before the cognitive system of emotional rationalization. Beyond this list of hopes, the assumption that individuals can be objective, non-judgmental, and hence uninfluenced by their own emotions is similar to the assumption of pure and perfect competition in economics. However, in good research, the individual's personae dissolve to serve the goal of the organization. This is what I commit to doing in my work.

The external complexity of trust—especially with the progression of open-data practices, and the recent European regulations regarding data protection—has complicated the research process. Furthermore, abstract adherence to a code of conduct while performing research can seem secondary to the practical requirement to produce results. For well-informed scholars and responsible researchers, the most significant risk is self-plagiarism, regardless of age. This can be caused by pressure to publish and inadequate resources (time, data, ideas, and money), as well as not recollecting one's own writings.

Research can unveil new trust dimensions in society, such as the emotional bond (Boersma, Buckley & Ghauri 2003) and manipulation of customers by industries and corporations. For instance, purchasing behavior can be triggered by using specific music to stimulate specific brainwave frequencies, and society influences the orientation of research through funding. As the community reduces its allocation of public resources, many researchers attempt to attract private financiers. However, one

drawback of obtaining funding from private sources is the possibility that the results will be used for commercial purposes, and it is not always clear to the researchers what their research findings will become.

Finally, in a context-specific manner trust and IB could be reconciled through focusing on the same unit of analysis: the internal exchange. Williams (2007) suggested that a specific focus should be placed on the regulation of threat using microprocesses. My research aimed for such improvement through the exploration of financial transactions between stakeholders: buyers, sellers, and the financial intermediaries of export promotion service providers. But more interestingly, to address further trust considerations, Boddewyn & Lyer (1999) conducted an extensive review of the improvement axis for the IB field, which could broaden the use of sources. Examples can be found re-reading natural Life sciences books, starting with the field of biology and Charles Darwin's classic work *On the Origin of Species* or the less known *The Expression of Emotions in Man and Animals*. Also, the works of other classical authors will be useful, such as Weber, Durkheim, Hobbes, Rousseau, and Saint-Simon. Re-reading Braudel will probably inspire the writing of articles about IB history.

3.5 Conclusion of Chapter 3

My research question involves explaining how the internationalization of firms is influenced by three invisible factors: State agents' export promotion support, finance, and time. In this thesis, I used abductive reasoning (Saetre & Van de Ven, 2021) to decomplexify reality and produce a new view of the researched phenomenon. Along with abductive reasoning, a mixed-method design was adopted to make use of what would work best to answer the research question. Using this approach gave equal weight to both qualitative and quantitative methods.

My research aimed to accommodate both dimensions, trust and IB. Especially, I focused on the financial transactions between stakeholders, especially buyers, sellers, and the financial intermediaries of export-promotion service providers, to focus on the use of internal exchange as the unit of analysis. I brought various exchanges together in a systematic and structured manner within the envelope of Dunning's (2000) eclectic paradigm.

4 FINDINGS AND DISCUSSIONS

In this chapter, I present and discuss the findings of my investigation, as described in Section 3.1, of the three invisible factors of State agents' export promotion support, finance, and time, in the field of international business. In the first part, I looked at the contributions of the exogenous factors of the firm, while in the second part, I focused on endogenous factors. As a result of this research and based on the conceptual positioning (Figure 2), I proposed a modified conceptual framework with a new direction: LOI (Figure 5). However, I started the sketching of my conceptual positioning from the exogenous factors embedded within the OLI envelope, with export promotion as an L-dimension, finance as an O-dimension, and time as an I-dimension. In the conceptual framework, I emphasized the intersections of the OLI dimensions, which are the three micro-endogenous factors of the firm: capabilities, goals, and willingness. With the LOI framework, I wish to: (1) contribute to further theorizing of firms' internationalization, (2) help firms understand their need to align and synchronize their willingness with their available capabilities to achieve an identifiable goal, and (3) serve as a basis for (re-)defining export-promotion service providers' strategies (Naidu & Rao, 1993).

4.1 Findings on the contributions of the invisible factors of internationalization

In the following sub-sections of this chapter, I analyzed the findings from each of the three essays. I investigated three invisible factors in firms' internationalization, i.e., State agents' export promotion support, finance, and time. I selected the OLI model as a grounding framework, and MNEs' seeking activities as macro-endogenous factors of the firm. My conceptual positioning (Figure 2) to guide the logic of this research included the following factors: export promotion (L-specific), finance (O-specific), and time (I-specific). In this part of the thesis, I address the importance of discussing different successive reference-point factors due to their various influences on firm's internationalization, which I demonstrate through the three essays. I make some interim conclusions about firms' exogenous factors. These interim conclusions will contribute to the second sub-section of this chapter in the cross-analysis of the research utility and in the findings regarding micro-endogenous factors.

4.1.1 The L-specific factor of export promotion services

In essay 1 of this thesis, I investigated the following sub-question: How do different national export-promotion services and locations compare? In essay 1, I combined two times: the past, through a literature review of EP services, and the present, through a comparison of contemporary institutions in different locations. I screened a total of 2,093 academic articles for essay 1, which enabled the development of a methodology to select and retain a final sample of 64 key articles. I found that many of the publications were written in the field of marketing. Although marketing authors have written on the topic of export promotion since the inception of the international business field since the 1960s, the study of the topic of export finance seemed overlooked to a certain extent in the international business literature. Some authors studied export promotion's historical evolution, but no single definition of export promotion was produced, which could explain why dimensions of the topic are scattered across numerous disciplines. Based on my literature review results, I aimed to consolidate the research's congruence across the field of international business. I also wanted to further advance the field's theoretical development; therefore, I proposed a unified definition of export promotion.

Then, I examined contemporary EP locations, devised a methodology to successively analyze and compare five European countries' export promotion services (i.e., Austria, Finland, France, Germany, and Sweden), and identified a set of 38 export-promotion organizations. I screened the national- and international-oriented services offered by these organizations, as they mentioned online on their webpages, and I listed the respective results in Excel spreadsheets for comparison.

The case studies of macro structures were instrumental for my research to confirm the practical relevance of my definition of export promotion.

I made an important theoretical contribution in the first essay. Since most researchers departed their study of export promotion from practical observations, for my own theoretical grounding, I drew a summary of theories (Table 7) throughout the export promotion literature review, and I related them to the units of analysis used in those previous studies. This type of theory mapping represents a novel way for researchers to identify theories based on the lenses of analysis of their interest; this is a tool to empower the researcher to depart from his or her own curiosity as a driving force in the research process. This theory-mapping scheme could serve as a point of departure for further theoretical development in the field of international business, especially the investigation of export promotion and export finance. Furthermore, the example of theory mapping I developed in the first essay could serve as a framework and methodology for other topics. The reproduction of this study could enable the consolidation of the field of IB under theories instead of the classic topic-driven approach.

I made a methodological contribution by combining two methods (i.e., a literature review and contemporary case studies) in a novel way. This contribution simplifies complexity to account for the time dimension in the research process. In essay 1, I used a mixed-method design to enable the simultaneous accounting of both the past and the present of the research. The materialization of this timeframe, in both the past and the present through the use of mixed methods, served as contextual groundwork for continuing the research. The combination of methods, beginning with a literature review and followed by conducting contemporary case studies, enabled my development of a unified definition of export promotion as well as my confirmation of the practical relevance of export promotion for IB.

4.1.1.1 Mimetic isomorphism in export promotion and the omission of individual stakeholders as an influencing factor

In the first essay, I revealed that the bulk of the literature on export promotion was focused on evaluation or impact studies, and that most of the publications were anchored in the field of marketing. I identified several gaps in the literature. For example, I found that there was no theoretical development in EP, that the research designs typically did not use longitudinal databases, and that, consequently, the process view was omitted. In these studies, the financial dimension was not integrated. Furthermore, regarding the impact of potential influencing factors, the stakeholders' theory was missing from studies of EP, leading to the omission of the individual's role. Finally, through a historical analysis of EPOs' coevolution, I found that mimetic isomorphism applied in country-level structures' development. This

finding could indicate that EPOs influence or reproduce each other at the macro level of countries through the exchange of their good practices.

4.1.1.2 The mapping of theories leads to the unification of the definition of export promotion

In essay 1, my main contributions involve the mapping of theories used in the EP literature over the past 50 years, from 1962 to 2012, which enabled me to ground the historical setting of EP research. Then, based on the review, I proposed five dimensions to unify the definition for the concept of EP. I based those dimensions on several common facts among EPOs: EP targets SMEs, EP consists of both financial and non-financial services, EP organizations can focus on either export promotion or internationalization support, and some EPOs use a process approach. I validated this proposal through the use of five case studies at the macro country level, which in total consisted of 38 EPOs across five comparable European countries. For cross-comparison of the case studies, I used the historical framework proposed by Cantwell, Dunning, and Lundan (2010). Finally, I made a methodological contribution by providing a description of my method for using specific public domain data available online in an IB study of targeted EP service providers. This is a valuable contribution, since there are many databases available on the Internet, and to my knowledge, no published EP articles have used some of this content.

Through the research I have conducted for this thesis, I have also made some practical contributions. Because our lives are characterized by an era of hyper specialization and over information (Buchanan, 2011), quantitative methods have become the dominant approach to knowledge. Therefore, the economy is typically observed through measurement indicators (e.g., turnover and GDP). However, despite its straightforwardness to cognitive minds, mathematics cannot capture the political uncertainties in the economy, nor can they reflect the mind complexity (Morin, 1990). Edgar Morin asserted that information overload is a new ignorance; to simplify a complex world, individuals have embraced a single standardized and normalized way of thinking. Consequently, hyper specialization hinders one's ability to think globally. Since Sullivan and Daniels (2008) published their article, which used multiple paradigms and introduced chaos theory to the field, IB has made interesting progress in explaining complex problems. In essay 1, I included an example of circumventing the limit of positivistic approaches by using the mixed-method design, as in the earlier award-winning article written by Knight and Cavusgil (2004), in which the authors combined case studies with a survey. Another possible approach is to combine several theories, as in an article written by Brass (2004), which combined institutional theory and the eclectic paradigm.

4.1.1.3 Exploration of time in export promotion organizations and their policy-mix trend evolution

As shown in Table 14, which I adapted from Cantwell et al.'s (2010) work, the long history of existing EPOs and the current trend of examining policy-mixing (Rogge & Reichardt, 2016) suggest several research opportunities in studying the kinds of EP services offered.

Table 14: History of export promotion organizations

<i>Export Promotion Organization's Evolution (EPOs), over Time. (periods below)</i>	<i>First</i>	<i>Chamber of Commerce</i>	<i>Export Credit Agency (ECA)</i>	<i>National Promotional Bank or Institution (NPBI)</i>	<i>Latest</i>
1800–1870 Industrial revolution	FR (1802) DE (1818) AU (1948)	FR (1802) AU (1948)			
1870–1914 First (modern) global economy	SE (1902) FI (1917)	SE (1902) FI (1917)			
1914–1971 Retreat towards nationalism			DE (1927) SE (1933) FR (1946) AU (1946)	DE (1948)	
1971–1980 New international economics					
1980–2007 2 nd wave of globalization before the financial crisis			FI (1998)	SE (1994) FI (1998) AU (2002)	AU (2006)
2007–present Third wave of globalization after the 2007 financial crisis				FR (2012)	DE (2010) SE (2011) FR (2012) FI (2013)

Adapted from Cantwell et al. (2010)

I found that the concepts of IB have diffused into EP practice, as most of the researchers who produced the extent EP literature have focused on impact assessment, and as their studies were usually conducted ex post. One angle for future researchers would be to determine whether EPOs (at the sub-national level) exchange information within their national structure, as well as whether they are organized in a system (Anderson, 1999) of cooperating EPOs or merely a structure of co-existing EPOs. Within EP in national structures, I could also observe events supporting the existence of the process approach, as illustrated in Table 14. Hence, accounting for the role of time as a historical context would create new research opportunities for IB scholars. For example, future studies could link time as a socially constructed concept (the micro dynamics...) in an organization and between stakeholders (see: the study of time, Chapter 2) with the awareness of the role of time as a historical context (... within a macro envelope). They could explore the evolution of the internationalization process by looking at the firms' accumulated experience obtained over time. Alternatively, they could look at the diffusion of time

as a socially constructed concept in an individual organization or between stakeholders. My method could be used to add more cases of national support services for EP to demonstrate the possible generalization. The method I described could also be a point of departure to formulate an inductive methodology on how to rigorously navigate flows of information while maintaining a steady direction, e.g., for integrative literature reviews, and in future application to disciplines outside the field of IB.

4.1.2 The O-specific factor of finance

In my second essay, I answered the following sub-question: How does the finance ownership factor enable or constrain firms' growth and internationalization? In that second essay, my goal was to test hypotheses through statistical regression. I investigated the internationalization of firms by using a sample of 813 internationally committed SMEs across three countries (selected from the previous sample of five countries in essay 1): Austria, France, and Germany. I extracted the data from a secondary standardized survey of approximately 15,000 firms. The sample was assembled during a European Framework Program conducted in seven countries. However, the cross-sectional format of the database restricted the scope of research exploration, especially regarding causality.

I used Dunning's OLI paradigm as a theoretical grounding. I used this model because it is one of the most recognized theoretical frameworks in the internationalization process of firms (Clarke & Liesch, 2017). Therefore, it served my purpose of inclusion of the majority of researchers rather than to create another niche. In addition, in the first essay, I found that no published studies had used Dunning's framework to investigate export promotion and export finance. In my proposed model, I consider finance as an ownership factor. I refer to the capability to obtain finance for internationalization; thus, it is an organizational capability or an individual competence. Thus, in this case, finance constitutes an endogenous organizational factor rather than what can be assumed a location factor in the case of the ECAs.

I also assessed the quantitative influence of financial resources. I found that both financial constraints and increased external financing were negatively correlated with the degree of internationalization of firms. This suggests that firms using external financing would adopt a more precautionary behavior; targeting a lower degree of internationalization would involve taking fewer risks while increasing the chances of success. This could also mean that external financing would create more time for the firm to learn the necessary steps involved with internationalization (versus classic exports). Alternatively, it could mean that higher international commitment induces additional financial resources, exceeding the firms' available cash flow. Regarding the role of public support as a type of external financing, I proposed some evidence that it acts as a moderator, reducing the impact of financial constraint on the degree of internationalization. The more financial constraint, the lesser the degree of internationalization. I also found some significance in the firms' ages and the probability of having received some public support. Younger firms were correlated with the probability of raising public financial support. This result suggests that either younger firms would have a better knowledge of the existence of such public supports for internationalization projects and subsequently are more numerous to apply, or [and] that the public formal institutions are well performing

the selection process and effectively attributing the financial resources to the younger firms most eager to internationalize. I further explored this role of age in obtaining public support in essay 3. My research confirmed the relevance of the role of the financial dimension in the OLI conceptual framework. Finance was a neglected dimension in explaining the degree of internationalization and export performance. Through using the special case of export promotion, and because of the availability of these services across countries, my research confirmed the role of finance as an independent factor and a potential success factor for firms' international development.

4.1.2.1 Financial constraints and the negative correlation between increased external financing and the degree of internationalization

In my second essay, I explored the firm's financial advantage perspective. I perform an assessment of the influence of financial constraints on the degree of internationalization of SMEs. I looked at the financial advantage within Dunning's (1977, 1980, 1988a, 1998, 2000) OLI paradigm. My research addressed the following sub-question: In a selected group of countries, can we compare how SMEs are performing and how the financing factor constrains their success and prevents them from going global? I formulated my hypotheses based on the literature and tested them performing regressions on a large database of secondary data collected in a European Framework program. Among the hypotheses that I have formulated, I confirmed that financial constraint and increased external financing were negatively correlated with the degree of internationalization (DOI). This finding builds on my previous conclusion from essay 1 regarding the need to further explore the financial factor. I could not explain variations in firms' foreign activity through tangible assets and public support. However, I also presented some evidence that public support would act as a moderator, reducing the impact of financial constraint on the DOI. This could mean that projects with a higher risk associated with a higher DOI would perhaps not happen without public support. Additionally, age was negatively related to DOI and the probability of raising public financial support. This suggests that older firms have the tendency to take fewer risks, and that this trend is associated with lower chances of obtaining and/or raising public support. This means that, contrary to common thinking that the public sector is risk adverse, in IB cases risk taking is accounted for as a criterion for funding by the public actors, EP.

4.1.2.2 Testing the financial dimension within the OLI paradigm

In my second essay, I explored the finance-ownership factor within the OLI envelope and tested its influence on the internationalization of firms. Financing as a competence or capability is an internal factor, but before its ownership (i.e., through the materialization of a contract), financing is first an L-factor, in which case it is an exogenous factor. One of my contributions was to build on and connect EP research in the existing IB literature with the reuse of two established indicators for the measurement of internationalization performance. These classic economic indicators are the percentage of exports and degree of internationalization (DOI), which is a composite measurement proposed by Sullivan (1994). Another contribution was my cross-country test design, which I could build due to the availability of standardized secondary survey data collected in a European Framework Program. Hence, my work acknowledges the importance of financing and conducting of such large-scale (European and wider) research projects in addition to the exploration of impact analysis.

My research also has important policy implications. Knight & Cavusgil (2004) found that policy focused on exporting does not capture firms engaged in other, more committed forms of international activities. In addition, Luostarinen (1979, p. 208), in his thesis, which featured the specific context of Finland, stated that “the government should [...] extend its supporting measures from export promotion to international business promotion,” and he mentioned the need for IB finance education. My focus on EP and the work I have presented in the dissertation on clarifying its definition and purposes could encourage policymakers to change their level of analysis. The level of analysis could be modified from specific SMEs to the overall firm’s internationalization behavior to account for the evolution of its engagement or withdrawal through the time dimension, which characterizes the lifecycle of firms operating in foreign markets. Adopting a process view would also result in providing a richer dataset. Researchers could, for example, use the data in innovative ways to devise new indicators for measuring the immaterial aspects of the added value and knowledge created by EPO services in complex environments.

4.1.2.3 Use and ability to raise financing support, and the age of firms

In the second essay, I reused two proxies for internationalization: the degree of internationalization (DOI) and single-item foreign sales (for a detailed explanation on the construction of the DOI proxy, see the appendix at the end of essay 2) to confirm through regression analysis that financial constraint and internationalization realization were negatively correlated. This was something I was expecting, but the next finding was unexpected. The most interesting conclusion arises from the reverse finding: increased external financing is negatively associated with DOI, which was

unexpected based on the initial assumption. The negative association could infer that SMEs, once financed, use external financing to adopt a precautionary behavior to increase their rate of success while enabling more time to consolidate their IB learning, e.g., developed from the internalization of past experiences and/or the shared experiences from learning from others. Through this precautionary behavior, firms learn to weigh risk–return, especially regarding the threat of liquidation and the pressure to repay debts (Milne & Robertson, 1996). A precautionary behavior could reveal which firms prefer a secured basic return rather than profit maximization; such firms are important to identify, as they may be oriented toward sustainability or have a respectful leadership approach. Regarding my theoretical LOI model, this finding supports the idea that, in my study, goals did not determine location; otherwise, the location would remain the same target independently of financing. Instead, I proposed that goals be formulated along firms' willingness to align with the process of capability acquisition through financing. It is firms' capabilities that determine their goals, not their willingness. Other financial resources should be investigated mutually with public instruments to assess their relative impact in comparison to their respective use. Indeed, Alvarez (2004) found them to be the least frequently used form of public support.

Additionally, I found that firms' age²⁶ and ability to raise public support are negatively correlated. This infers that either younger firms have more complete knowledge of the existence of such public supports for internationalization projects, and/or formal public institutions perform their selection process effectively, or older firms might be looked upon with less promise (which is problematic, as it can be observed that new entrepreneurs might change the way the firm operates). The first inference seems unlikely, since the reverse argument is usually criticized in the literature. It could also be that firms, once they have reached a certain threshold of internationalization, are rather content with their position; thus, they refrain from expanding further, or that older firms finance their further internationalization through their own cash flows or through private finance—which is easier to obtain for an established firm than a new firm.

My findings suggest that more research should pay attention to the selection issue. Indeed, there is some evidence in the entrepreneurship literature that less capable ventures use external financing, especially venture capital, whereas more profitable ventures prefer to develop without external participation due to asymmetric information (Amit, Glosten, & Muller, 1990).

²⁶ I addressed the age question because the focus is often solely on Born Globals.

4.1.3 The I-specific factor of time

In essay 3, I explored the following sub-question: How does the time internalization factor relate to export promotion and finance in the internationalization of firms? In this essay, my purpose was exploratory (i.e., to investigate the explanatory relatedness of financial indicators with time to IB). I took a closer look at decision-making processes in the management of firms. In the continuation of the cross-country design, I selected one country from the initial samples in essays 1 and 2 for a more detailed study in essay 3. I analyzed 32 anonymized French firms by examining their aggregated financial statements and the results of a primary survey. I investigated the timing of their internationalization in relation to the available export promotion support services.

My results suggest that focusing solely on the time dimension could be a relevant alternative performance indicator to classic economic indicators (i.e., turnover and export shares). I found that firms could be classified into three groups, which are related to time; I discussed the concept of the development of time in the second part of this thesis. These three groups are based on how long the firm has been in business, when the idea to go abroad was considered, and when it achieved internationalization. With this subsequent grouping, I observed that most of the firms in the Born Global category or with a born global mindset were able to obtain some public support.

I inferred that export-promotion service providers select their future beneficiaries based on the timing of the firm's internationalization. Export-promotion organizations identify firms' orientations regarding internationalization timing to offer them specific services at the most opportune time. I suggest that service providers calculate an expected impact ratio based on the three firm-specific time points mentioned in my study (i.e., how long the firm has been in business, when it formulated the idea to expand abroad, and when internationalization was actually realized). They could do this in combination with their existing classical economic indicators, which they had already collected.

I propose that export-promotion service providers could better serve their customers with the use of time-oriented logic for evaluating applications, such as looking at a firm's international/longitudinal vision and expected project deadlines. This is especially important since, in many international bids, a firm's chances of success are determined by its ability to build trust (e.g., quickly procuring the necessary financing and demonstrating the existence of a risk management strategy).

4.1.3.1 Relationship between the Born Global category and the use of/obtaining of export promotion and financing

In my third essay, I explored the perspective of firm management by focusing on the relationship between firm management's use of public support and the firm's internationalization timing. I discussed the concept of development of time in the second part of this thesis. My research answered the following sub-question: What is the role of EPOs in examining how a firm managers' use of public support is related to its internationalization timing? In my third study, I conducted a survey, and collected the firms' financial statements. The anonymized results revealed complementarity between the degree of internationalization and the percentage of exports. I observed that firms in the Born Global category were more prone to using or obtaining export promotion and financing, which supports my finding in essay 2 regarding age (i.e., I found a possible link between firms' age, internationalization timing, and firms' ability to obtain EP services). Firms with a global mindset seek international support earlier than those who follow a more classic approach to international expansion. Management's sensitivity to export promotion would go in the same direction as Naidu & Prasad (1994) (as in Naidu et al., 1997), that firms' growth orientation is impacted by management's sense of priority and commitment. In the case of export promotion, this would consist of firms merely sticking to their initial plans for their internationalization project, as presented in their application for support services.

4.1.3.2 Timing of internationalization through three time points: Establishment, idea, and realization

For the study described in essay 3, I used micro-data and more qualitative analysis, as suggested by Giles and Williams (2000). Although I emphasized the process view of firms' international growth, my focus was on the timing of internationalization at three points: I identified the formation of the initial idea as "Willingness"; the formulation of the idea into a mature vision as "Goal"; and the realization of the internationalization as "Action." My research contributes to extending the intersection between IB and international entrepreneurship (IE) literature, especially born global firms. I proposed a categorizing of firms in three incremental categories from the conceptual idea and consolidation to practical realization, i.e., according to their timing of internationalization, which could also be reused to extend the literature about firms' taxonomy (e.g., international entrepreneurship literature). Another of my contributions is related to causality, as the two dimensions suggest that providers of public support services are likelier to identify firms after their initial internationalization. This hypothesis, regarding the order of causality proposed, is supported by (1) the information gap (or information asymmetry bias), which refers

to the lack of information for and from younger and smaller firms, and (2) the institutions' requirements for longitudinal data and formal information in their attribution processes.

4.1.3.3 The average number of employees, formalization, and proactive and reactive actions of financed firms

In the third essay, I investigated the micro dimension of firms' management. I based the analysis on a primary survey of managers.

The survey included firms that had received public support, and the instruments they most frequently benefited from were financing, guarantees, and prospecting support. These tools were aligned with the firms' opinions regarding what matters most in internationalization (i.e., being driven, proactive, and reactive, as well as having a structured/formalized strategy for creating or seizing new opportunities). My analysis of the survey results revealed that when the idea to go abroad was formed early (i.e., within the first year after the firm's establishment), nine of the 32 firms were associated with the possibility and realization of obtaining public support. The results suggest a role for risk perception and risk management in the timing or scope of internationalization; the first is linked with the age of firms, and the second is partly covered by public support (L-factor). I also found a possible link between slower internationalization and a bureaucratic mindset (willingness). This research confirmed the importance of accounting for the global context (Figure 2): that is, the macro-endogenous and exogenous factors, especially the L-factor or the home location. These factors have shaped the emergence of LOI framework thinking. Contrary to the OLI model, where the location is a destination, in the LOI, the L-factor is the location of origin. In the LOI model, the L-factor represents possible precursor resources that will shape the O-factor and that subsequently impact the timing of internationalization through their internalization.

4.2 Findings on the utility of the endogenous factors of internationalization at OLI intersections

In this chapter, I presented the results of the findings cross-analysis of the three studies conducted for my thesis. I propose a new conceptual framework of firms' micro-endogenous factors, which are the factors determined inside a person. These factors are capabilities, goals, and willingness, and they are placed at the OLI intersections. My conceptual framework (Figure 5) could help export-promotion service providers better conceptualize their customers' needs, thereby facilitating their understanding of firms' internationalization processes. Finally, I discuss the limitations of my research and make suggestions for future research.

4.2.1 At the O–L intersection: Firms' capabilities

At the O–L intersection, firms' capabilities are formed. When capabilities for financing are owned (secured), they translate into actions, which then lead to the realization of internationalization (p. 125).

Firms' capabilities represent an underestimated influence—the pressure from the individual's level. I adopted EP and finance service providers' perspectives to understand firms' goals so that future support could be envisioned for their internationalization. More specifically, I addressed the following sub-question: What could or should export support service providers do in the future (i.e., in the era of digital transformation) to actualize their customers' services and facilitate their efforts to grow and internationalize? Through reading and comparing four classic books in the fields of management, organization, and international business, I revealed that there is an underestimation of the individual's (i.e., customers and employees) influence on a firm's internationalization strategy. My idea was to integrate the individual decision-maker rather than focus solely on the firm's meta-decision-making system (Johanson & Vahlne, 1977), as well as to integrate the risk and uncertainty management aspects. The firm reduces its risk through the acquisition of financing, and it manages the uncertainty through the financing being secured upfront from the realization of the project.

4.2.2 At the L–I intersection: An indicator of firms' goals

At the L–I intersection, firms' goals are formed. First, the firm owns the capability for financing, determined in a location. Then, it internalizes the time dimension in its strategy by forming initial ideas for potential future projects. Thus, firms' goals are the formation of initial ideas for a project (p. 125).

Firms' goals can be analyzed through the indicators of finance as resource, credit, and social trustworthiness. Classical economic thinking assumes firms' goal of profit maximization; this assumption has guided EPOs to promote their service by focusing on the capability dimension of firms. The role of finance in IB has been considered one-dimensional (i.e., a resource and performance indicator). This has created a research gap regarding the other roles of finance, such as credit (e.g., payment effectiveness and new investments) and social trustworthiness (e.g., employee turnover and the percentage of jobs created) indicators. I therefore suggest that it is important to carefully select and interpret the meaning given to performance, especially in the indicators used for EP impact evaluations, where growth is accounted for (Welch, Nummela, & Liesch, 2016).

Additionally, the clear statement of a strategy definition would prove interesting regarding EPOs' and ECAs' performance evaluation. It should provide the mission and goals—or roles and objectives—against which the organization's performance can be measured. Thus, the strategy constitutes a departure point for the definition of an organization's, EPOs', and ECAs' impact assessment, especially regarding their customers (growth and survival) and their potential impact on the national economy (employment maintained and created). Moreover, policies need to be distinguished from strategy formulation because policies are made under conditions of risk and uncertainty, while strategies are devised under incomplete information (Ansoff, 1970). I propose that the conceptualization of the government's decisions regarding EPOs could follow a strategy that departs from knowledge about their customers, the firms, and their goals. In their customers' surveys, EP service providers should first assume that firms have multiple goals beyond mere profit, and secondly, they should account for a distinction between what customers formulate as their willingness and the dimension of their actual capabilities. This approach brings a sense of proactiveness. Through envisioning what the next respective steps are, multiple goals are achieved. This creates a firm's big picture, which will help service providers better comprehend the firm's overall needs. Policymakers shall understand how critically important their support might be for the continuation of a firm's existence. In addition, it would help the firms identify and rank the multiple goals it pursues.

4.2.3 At the I–O intersection: Firms' willingness

A firm's willingness is formed at the I–O intersection. This involves the formulation of initial ideas (see essay 3) for a project. Two factors enable the emergence of the firms' willingness: the ownership of the capability for financing, and the internalization of time into its strategic process.

Firms' willingness goes beyond the mere profit-seeking goal. In my research, I distinguished firms' behavior shaped by their goals from the behaviors motivated by firm's willingness. A behavior shaped by goals is observed in societal role-playing, where firms are proactively engaged in fulfilling a social responsibility. Alternatively, the firm can demonstrate a level of responsiveness, e.g., the expression of their willingness to act alongside their goal (Carlson, 1975). The "stakeholders' social influences have been studied in IB to link the firms' strategic behavior with environmental commitment and financial performance" (Waddock, Bodwell, & Graves, 2002, p. 136). However, to the best of my knowledge, no studies have revisited the theories about the internationalization of the firm to integrate the increasing influence of different types of stakeholder pressures linked to the digitalization of (business) exchanges. Although "the digitalization of business democratizes and accelerates the internationalization" of firms, the rise of big data in all segments of the economy and in impact evaluation (Olsson & Bull-Berg, 2015, p. 503) makes global competition more challenging for non-users and late adopters. This revised approach of including firms' various goals and willingness associated with their societal role-playing could change the approach to firms' international performance measurement as well as export support organizations' attribution criteria.

Following the discussions about firms' goals, I suggest linking EPOs' mimetic isomorphism and the level playing field argument²⁷ (conclusions from essay 1, see: at the end of the thesis) with the status quo strategy observed in some firms' internationalization process (Clarke & Liesch, 2017). That is, EPOs would come to grant again the same firms due to their services' rigid attribution design. In firms' internationalization, there was a relative neglect in accounting for the individual stakeholder dimension. This has led to ignore the influence of the organization internal factors (Schumpeter, 1934). Furthermore, the level playing field argument, with trade supporting organizations aligning with each other to avoid distortions, may be an important justification, as it could maintain existing industries, which sometimes are considered old or ineffective. Yet, their historical existence may contribute to the stability of the national economy, society's identity, and its sustainability. However, some negative arguments should be considered over time, since a firm's effectiveness can be assessed by the EPOs, which help firms mitigate their (international growth) financing risk beyond the mere economic goal of profit seeking²⁸.

²⁷ The range of support activities EP and ECA are allowed to deploy with the argument of reducing structural disadvantages without affecting healthy competition between firms, which is supported by ECAs/EPs from different countries.

²⁸ Penrose (1959, p. 55, n. 62) mentioned that "the imposition of a progressive profits tax will tend to reduce the willingness of a firm to undertake the riskier investments." Such a tax may encourage more expenditure because it "reduces taxable profits."

4.3 Conceptual framework

As a result of my cross-analysis of the essays' findings (Figure 5), I produced a conceptual framework based on conceptual positioning, which I presented in Figure 2. This conceptual positioning (Figure 2) provides a visualization of how export promotion, finance, and time are embedded in the OLI envelope (Dunning, 2000). Export promotion is proposed as an L-dimension, finance as an O-dimension, and time as an I-dimension. My dynamics of enveloping the invisible factors into the OLI dimensions explain the logic behind the subsequent focus on three specific intersections in the conceptual framework (Figure 5):

- For State agents' export promotion support, as it is embedded in the L-dimension, I was interested in categorizing the nature of the overlapping intersection between export promotion location and time internalization; it is where goals emerge.

A goal is the role assumed by the firm and/or the objectives it fixes for its strategic development. A goal is at the L-I intersection, where the dimensions of export promotion-location (L-) and time internalization (-I) overlap. It is the formulation of the idea into a mature vision (p. 125). Goals are formulated alongside firms' willingness' (see below) to align with the process of capability acquisition.

- For finance, as it is embedded in the O-dimension, I was interested in characterizing the nature of the overlapping intersection between finance ownership and export promotion: capabilities.

Capabilities do not refer to owned finance as such, but they are capabilities for financing acquired over time, which is available in a location. Capabilities are at the L-O intersection, where the intersections for export promotion-location (L-) and finance-ownership (-O) overlap. Capabilities translate into actions, which are the current realization of internationalization.

- For time, as it is embedded in the I-dimension, I was interested in understanding the nature of the overlapping intersection between time internalization and finance: willingness.

Willingness is the formulation of the initial idea. Willingness is at the O-I intersection. From the ownership of the capability for financing, the firm can start to envision its strategic development, i.e., to think about time and internalize the time dimension in its processes. Hence, willingness is determined by the location.

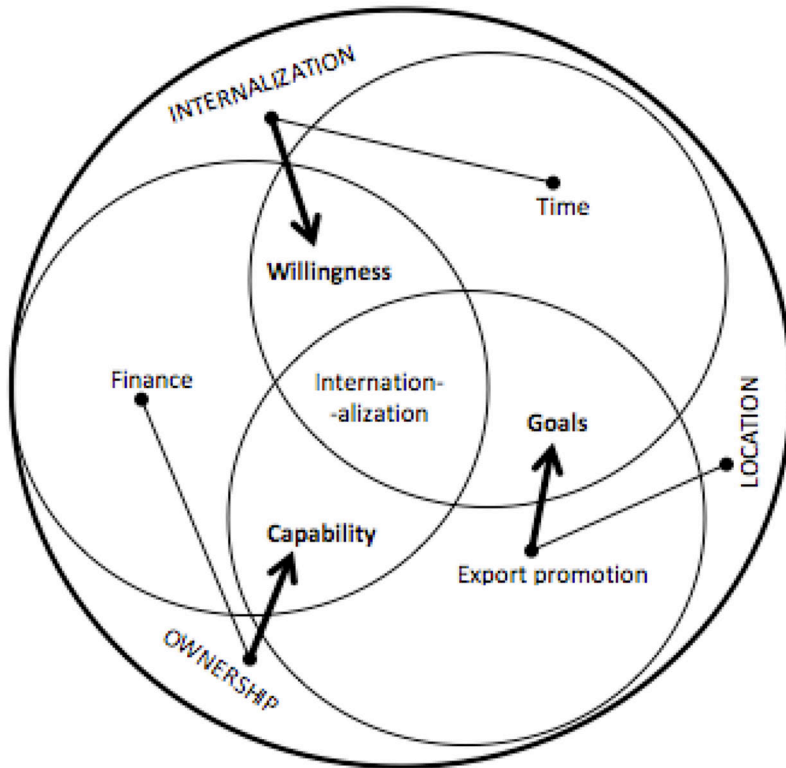


Figure 5: Conceptual framework: firms' micro-endogenous factors of internationalization: goals, capability and willingness.

In Figure 5, I amended the conceptual positioning (Figure 2); the external parts—the seeking behaviors—were omitted, and instead we have the L-O-I overlaps filled with goals, capabilities and willingness. The new conceptual framework, presented in the figure above, was formed by removing the environmental macro-endogenous factors of MNEs' activities (i.e., market-seeking, resource-seeking, efficiency-seeking, and strategic asset-seeking) and by focusing on the firm's micro-endogenous factors. Where the LOI sections overlap, I unveiled the micro-endogenous factors (at the individual level) in firms' internationalization: capabilities, goals, and willingness. My thesis posits that these factors are formed within the framework of firms' preexisting exogenous factors considered: finance, export promotion, and time.

In my framework, the location exogenous factor predates the firms' goal definition. As the firm formulates its goals in the context of the internationalization process, the location of the firm will determine the export promotion organization of choice, which later decisions (to support or not) would subsequently influence the

redefinition or reorientation of the firm's goals. A firm's goals are influenced by exogeneous factors, such as obtaining export promotion support, which will later have an impact on the firm's micro-endogenous capacities and willingness factor. The exogeneous O- and I-dimensions indirectly influence the (re-)definition of goals by shaping the firm's capacity and willingness. I propose that a critical success factor in a firm's strategy is aligning the firm's willingness with its capacities. The continuous realignment of willingness with capacities across time (past, present, and future) leads the firm toward an identifiable and unified goal.

The final conclusions of my conceptual model show the influence of the location-based asset advantage (Oa) provided by the supporting government, such as export credit and export financing. This can be interpreted as both a host advantage and a home advantage. Financing benefits both the buyer and the exporter in the transaction; for the exporter, it is a host advantage and not their home. Export credit/finance can be associated with a home advantage, as governments extend these advantages that create economic value through international operations that pay returns on government investments in the form of taxes, employment, and new asset creation at home.

Two different types of ownership advantages must be distinguished:

(1) the support/finance creates actual Oa—an asset that provides opportunities to build once exploited—thus, in line with above logic, not per se, foreign ownership advantages.

(2) The capabilities the firm creates through learning enabling them to utilize government support—this is something that needs to be learned, and when the firm has it, the firm can explore new opportunities thereafter. The second Oa, in addition, can be transferred to other markets as well (e.g., this is a capability used for their internationalization by telecom companies, for instance).

In (1), these financial resources are first contractualized/secured in the form of a financial transaction. Therefore, they become an ownership dimension for the firm to enter international business (project-based). This contract is then (2) used as a guarantee in international negotiations to obtain the project and/ or win a bid against competitors. The money, nevertheless, is never transferred to the owner of the contract. This seems important here to explain the details to the reader. In guarantees (i.e., FINNVERA), there is no money flow, except for the 'interest/commission'. If a one-billion-euro guarantee is granted for support, it is actually a paper that states that Finland, through FINNVERA, guarantees the transaction. That guarantee is given to the Finnish firm's client's bank, which gives a loan to the client, and pays an interest/commission based on the sum.

For a description of general functions, about the practical mechanics and implications for L, O, and I, see Section 2.2.3 of the dissertation. For a country-specific description of how export guarantees and credits work, all ECA have

specificities and frequent updates, which should be found on their respective websites.

I wrote a description of general functions, mentioned above, to broaden the understanding of my dissertation to readers outside the field of international business. In time, the transaction flows from the government financial institution to the commercial bank of the contract owner. When the project is secured, the contract “starts,” and the money is gradually transferred toward the project’s realization. Government intervention is therefore benefiting both parties, the home firm and the foreign firms. In interviews with customers of one of these service providers, the interviewees stated that those large projects (in time, human resources and money) would never happen without the upfront provision of such contracts guaranteed by specific trusted State agents.

This idea of a beneficial intervention from the government, with roles as “initiator, overseer, ..., arbitrator” and coordinator, was clearly expressed by Dunning (1999, p. 25). This is a different approach than in Wagner (2020), in which the author’s hypothesis was that “host country government induced detriments for foreign firms” (p. 75). For instance, the export guarantee mechanism works as a “signaling” system for projects in international bidding. The obtention of an export guarantee is a kind of “certification,” which is concrete proof that the project was reviewed by State agents. Implicitly, the stakeholders would know that **State agents’ processes are rigid, standardized, often long and detailed processes of control** regarding the strengths and weaknesses of projects. What otherwise would stand as critics against State agents **becomes an advantage and a guarantee of sustainability in time, since State agents are positively biased toward stability**. Obtaining such a State-certificate is therefore an added value to the project. State agents, through their review processes, create visibility for the project. Dunning (1999) acknowledged that this role of the government was either neglected by mainstream economists or debated, but he supported the view of a participative macro-organizational role of the government. In 1999, Dunning sensed that this State interventionism was demanded by the economic market; now, more than 20 years later, I support the same view with the addition of the role of protectors for individuals. Protection is not meant as protectionism since country boundaries would not make sense with the openness of the market through the digitalization of the economic flows. The specific role the government must play embodies the figure of trust as the last resort.

On the question, “Why should internalization be linked with willingness, export promotion with goals, and ownership with capability?”. In this present research, I placed my new model at the beginning of the OLI model, but in a time t presenting a new model with the characteristic clockwise dynamic.

The OLI logic is to look from O to L to I, with the specific questions of:

- O = why firms engage in international production,
- L = where firms go; and
- I = how can be understood by asking with what resources and how these are internalized in the sense of rationalized investment(s) (Dunning, 1988, p. 13).

In my model, I looked from L to O to I, with the following questions:

- L = where from; through departing from the advantages of the home country (Dunning, 1988, p. 13), I place my model at the beginning of the OLI model dynamic. Dunning specifically mentioned that regarding the MNE choice for internalization, it could also apply to the home country (1998).

Regarding home country location export promotion and goals:

The purpose of export promotion is to incentivize firms to internationalize. Firms can be proactive and seek such support for the realization of their internationalization goal. The firms can also be passively waiting at home (or aggressively waiting that the phone might ring) and through the approach of State agents, or through information received, they will subsequently form the goal to implement an internationalization strategy.

- O = “what” resources, and especially capabilities (as the capability to finance is the key item in this thesis regarding O), are available. Regarding the location-based needs that corporations may have, Dunning mentioned the “existing O specific advantage” (1998, p. 54), implying that location is the home country of the firm, supporting the argument made above.

Regarding finance ownership and capabilities:

Through the provision of future resources (contract-based export credit/ financing) the firm is capable of pursuing its objectives and to further internalizing the resources for international production.

- I = “how and why”, same as in OLI above for the how; the “why” relates to the bounded rationality of the decision-makers, which Dunning and Lundan (2008) referred to as “cognitive limitations” (p. 578). Not all information is available at the same time, and not all decisions are certain. Without a specific contract the stakeholders might change their minds over the course of time. Hence, it is important to account for the “willingness” dimension, which is enabled by two factors: the ownership of the capability for financing, and the ensuing time internalization. Hence, willingness is measured in time (one actor can be willing in t_0 but could change strategy in t_1 due to an increase in risk perception, for

instance). The project/ actions only happen when the decision-maker has the willingness to bound its rationality to one specific decision. The decision-maker will do so because the decision is aligned to its own capabilities (guaranteed), and at a specific timeframe when both the willingness and the capabilities match the goal(s) that it, the decision-maker, has in mind and from its mind converted into matter (e.g., the written form of a contract). Dunning and Lundan (2008) also stated that the institutions, both formal and informal, have influences on the individual's motivation²⁹ and belief system.

About time internalization and willingness:

Since time is not static, the use of contracts has been used to internalize time. The time internalization into the firm's strategic process, materialized through a contract (e.g., EP, EF export credit or guarantees, and employment contracts for employees involved), creates a longer period and enables the matching of individuals' time with firm's/ macro/ universal time. The internalization of time through the means of a contract is dependent on the willingness of the signing actors.

In conclusion, based on the above demonstration, in universal time the hypothesis of the preexistence of any firm before its entering into international business (so exception made of the Born-global firms) re-ordering of the OLI dimension would be as follows: LOI. My conceptual framework should help export-promotion organizations understand their influencing role as a causal factor in firms' internationalization decisions instead of strengthening their positions as compensating for financing gaps.

²⁹ Interestingly, for my research in the continuation of this dissertation work, Dunning and Lundan (2008, p. 578) mentioned the theory of human nature from both North and Adam Smith, and specifically the *Theory of the Moral Sentiments* (1970) from the latter.

4.4 Limitations

In essay 1, I initiated the research and explored the gaps and possibilities. One limitation of the first essay is in the small sample size, but this is explained by the focus on macro cross-country cases. Another limitation is the focus on industrialized countries and existing EPOs. Future studies could include developing countries, emerging markets, and newly created EPOs. Finally, in the research, I did not analyze inter-organizational relationships or the effects of network ties on organizational learning.

In essay 2, I could not address the causality due to the absence of longitudinal observations. I used secondary data (from a European research project) for the purpose of cross-country comparison, and this large standardized dataset precluded the exploration of contextual meaning and clarifications. Another limitation of using secondary data was that I could not test all of my intuitive assumptions (e.g., the possibility that EF has mediating effects)³⁰. The quantitative approach and large dataset resulted in me having limited or no access to details regarding the types and purposes of public support obtained, as well as to information about rejected firm cases. One specific question, while attending a class in 2015, made me conceive things through a renewed angle: the professor asked, “Does being denied something make one abandon or pursue (an initiated direction)?” In the case of managers, it can be expected to be analytically calculated as a firm’s willingness-capabilities-goal alignment with the time available or that can be created from the finance and related to the amount of time needed to pursue.

In essay 3, one limitation stems from the focus on a single country, but this is justified by the need to collect primary data and assess congruence achievement. Another limitation is the absence of precise dates when public support was obtained since the information was collected post-event. Finally, because there were an inadequate number of observation points, I could not draw conclusions on the causality link between the granting of public support and the timing of internationalization.

4.5 Future research, with a focus on value creation at the intersection of finance and time

In my research, I explored the IB financial transaction dimension and its creation processes. I propose to define value creation as the monetary sum from the

³⁰ Based on some single events for large firms, EF has served as a facilitator of international sales and, presumably, DOI (as, in some countries, it would not be feasible without export guarantees).

transaction (also referred to as classic economic costs and added value), and the invisible residual part created at the intersection between finance and time. The value considered in the process is what remains and which power orders (with or without the attribution of the resource) when the transaction is realized. Thus, it can be defined as the value-driving force is left behind or that which remains free to be used for action.

For future research, I suggest that time would have its own measurement scale, and to develop such a scale, I propose articulating time and value as the result of either of the following:

- a) Value makes time: Value is determined up front in financial terms, and it precedes time creation with a predetermined starting date and an estimated expected deadline. The residual time value is based on the free time left for allocation, and it depends on the owner of the free time's willingness to allocate it (for its conversion into capabilities). **In this scenario, dual times exist**, and the value created reduces the availability of free time and overall time flexibility.
- b) Time makes value: Time starts to run and is monitored to form a sum, so the total amount will only be known when the period ends after the events are realized. Therefore, time precedes value. The residual time value could be compared to a financial option in the form of an unpaid bill for a future undefined buyer. **In this scenario, only one time exists**, and the value created reduces the availability and flexibility of financing.

In both (a) and (b) scenarios, the total amount of time available remains invisible before the transaction negotiations are initiated. In the first case (a), value takes the form of a financial contractual envelope, which constrains time. The firm trades and stresses its time for money. Through time contracting with a buyer in exchange for finance (financing resources or financial options), the firm acquires the capability to work, and the residual value is the amount of free time left. A firm's willingness is constrained according to its amount of free time (more or less).

In the second case (b), the firm retains ownership of its time. The firm works its business in the flow while keeping track of the time spent relatively normally, and the value is calculated at the point of realization. Through time ownership, the firm has either the capabilities or/and the willingness to conduct specific tasks of work, depending on its free time management. I propose that **free time is the state of equilibrium between willingness and capabilities when goals are aligned by matching individuals' inner time and a firm's collective standard time**.

The way stakeholders experience time is an important aspect when differentiating willingness from capabilities. The integration of time into the design of IB research is traditionally determined within a timeframe that distinguishes inputs from outputs and the difference between cause and consequence. George and

Jones (2000) argue that this perception is influenced by individuals choosing their experiences' affectation in an episode or multiple episodes through time bracketing. Individual experiences happen over the course of standard time, and time memorization by individuals covers various characteristics: the length of time, as well as its beginning and end.

An individual's affectation choices of his or her time materialize through the internalization of time. In one case, the existing financing capabilities (input) precede a firm's actions (output), and hence are assumed to hinder or enable (cause) the firm's international exchanges (consequence). However, in the other case, a firm's willingness (input) to engage in IB activities is the reason it analyzes the risks, and it is the firm's responsibility to establish (or not) a risk-financing management strategy (output). Kahneman (2011, pp. 277–278) described the situation between capabilities and willingness on the level of risk-seeking versus risk-averse individuals. He explained the difference in situations by the need to account for the reference point (of the individual). In Kahneman's book (2011), the actors' different reference points are measured in monetary ownership. Assuming that the players only consider the value of time, and not the potential money associated, I suggest replacing money with time in his short illustration of Bernoulli's expected utility theory³¹, which I have amended below:

The gamble: equal chances to end up receiving a 1-year or 4-year employment contract.

OR

The sure thing: receive a 2-year employment contract

The reasoning:

John (who currently has 1 year of time free to be allocated): "If I choose the sure thing, my employment time will certainly double. This is very attractive. Alternatively, I can take a gamble with equal chances of quadrupling my employment time or gaining nothing."

Marilyn (who currently has 4 years of time free to be allocated): "If I choose the sure thing, I'll certainly lose half of my time, which is awful. Alternatively, I can take a gamble with equal chances of losing three-quarters or losing nothing."

The difference between John and Marilyn lies in their respective reference points: John thinks in terms of gains, whereas Marilyn thinks in terms of losses. As

³¹ Bernoulli, D. (1738). Specimen Theoriae Novae de Mensura Sortis, *Commentarii Academiae Scientiarum Imperialis Petropolitanae* V, 175–192; English translation (1954). Exposition of a New theory on the measurement of risk, *Econometrica* 22, 23–36.

explained by Kahneman (2011), Bernoulli's theory ignores the fact that utility and risk-seeking versus risk aversion are determined by time, especially its perception and the degree of delay discounting. The perception of time is based on the history of one's ownership and not only on the present situation. Interestingly, regarding the degree of delay discounting, recent research in neurosciences has shown a relationship between the degree of delay discounting and two metabolic markers (Koban et al. 2023).

In a regression to the mean, the stakeholder compares its (or a) system to other systems, yet the extreme maximums and minimums a particular system can endure are the properties of that system. However, quantitative methods typically exclude extreme outliers from their panel. It is important to keep in mind that these uncontrolled extremes are usually formed by the experiences to which a system was exposed without having previously experienced a similar situation since any anticipation capability is, by definition, determined through the existence of past experiences. Experience is knowledge acquired during the passage of time and the occurrence of random events (not ordered and not weighted ex ante). However, the error in system thinking is assuming that experiences can be transposed, for example, assuming that one can gain experiences from books.

When countries, which are systems at the macro level of nations, meet and exchange experiences, they share more than rational knowledge. They share anticipations, which are emotional reactions (i.e. brain induced and then felt in the body) preceding an event. If a system adopts tools and services in anticipation of an event, especially in the field of risk management, without preexisting self-experience with events of such magnitude, the system creates an invisible climate with invisible needs. This kind of anticipation can be considered value creation, meaning that the value is placed in the occurrence of the non-happening. In the practical case of risk management, this would mean that there is value in the acquisition of the financial tools or services option, which becomes a 'virtue in its own right'. Then, the owner of the capability remains either in a status quo situation or reassesses the meaning of the goal in light of its updated willingness (e.g., Why did we [i.e., the firm] apply for the export guarantee? Do we intend to fulfill our planned commitment by engaging in exports? Do we want to increase our ambition or decrease internationalization?). An alternative to the classic regression to the mean would be to keep this as a reference and compare it to a regression of the system upon its own past and present extremes of customers' ventures.

5 FINAL CONCLUSION

In my paper, I explored the main research question, “How does the combination of export promotion, finance, and time explain firms’ internationalization?” through answering three sub-research questions, which I have listed in the operationalization table of the research (Table 9. I repeat these questions here:

How do different national export promotion services and locations compare (see essay 1)?

How does the finance ownership factor enable or constrain firms’ growth and internationalization (see essay 2)?

How does the time internalization factor in the internationalization of firms relate to export promotion and finance (see essay 3)?

By answering the above three sub-research questions in three respective essays, I addressed the main research question, as described in the sections below.

Finally, in the fourth part, I discussed the utility of the endogenous factor of firms’ internationalization, and I proposed a strategy for export-promotion service providers.

My research focus was on firm internationalization as a grounding point. Over the whole research process and while writing this manuscript, I used the initial conceptual positioning described in Figure 2 as the anchor point to abductively (Steiner Saetre & Van de Ven, 2021) explore three stakeholders’ perspectives on a firm’s internationalization: the IB historical perspective, the firm’s financial advantage, and the management of firms’ perspective. I took this multilevel perspective to reflect on the three dimensions of Dunning’s (2000) Eclectic Paradigm, which was the theoretical envelope for my research.

As a result, I explored different perspectives (Johnson, 2012), which I represented as distinguishing steps and different focuses in each successive essay. Each of my essay’s findings supported further steps in my mixed-methods research process (Hurmerinta-Peltomäki & Nummela, 2006). The essays are concomitant subdimensions of the OLI model with finance (O-specific), export promotion (L-specific), and time (I-specific). I was primarily interested in examining the invisible nature of State agents’ export promotion support, which services are location-specific. The location of the firm is established prior to the firm’s decision to

internationalize. Therefore, the dynamic logic of my research followed an LOI pattern (i.e., from location to ownership and then to internalization). Using this logical dynamic sense, I addressed some of the original model, OLI,'s limitations (Gray, 2003).

While the OLI model has three dimensions, in a review of his model, Dunning explicitly identified four types of MNE activity: market-seeking, resource-seeking, efficiency-seeking, and strategic asset-seeking (Rugman, 2009, p. 45). I included these factors in my conceptual positioning (Figure 2) as the macro-endogenous factors of a firm's internationalization. Subsequently, I left these out for the construction of my conceptual framework. I consider the micro-endogenous factors of a firm's internationalization as my major theoretical contribution.

My research complements the original model of Dunning (1977, 1980, 1988b, 1988a, 2000) by unveiling the micro-endogenous factors at the OLI intersections (Figure 5). I added the dynamic of time to the eclectic framework as an internalization (I) dimension, and a micro-endogenous-related factor of willingness, which plays a critical role in the process of time internalization (Brown & Eisenhardt, 1997). Furthermore, I explain the importance of distinguishing a firm's willingness from its capabilities (Clarke & Liesch, 2017; Vos et al., 2007), as it is closely related to a firm's specific efficiency and strategy factors.

I hope this dissertation will support other scholars in their use of multi-level perspective thinking (Batistič et al., 2017; Johnson, Price, & Van Vugt, 2013b). In my research, I have used this perspective to put each stakeholder in the shoes of the other, i.e., it was for export-promotion services providers to get a better understanding of firms' goals; for export-promotion services to achieve more visibility among proponents of internationalizing firms; for firms' chief executive officers and managers to account for export promotion organizations' financing services in their internationalization processes; and to prompt renewed interest from academic scholars on the topic of export promotion.

My research also has some takeaways. First, I suggest that IB research should open the black box of a firm's bidirectional relationship between the ignored role of managers (Aharoni, 2010, p. 73), its internationalization behavior, and its resources (Tuppura et al., 2008). Taking a black box approach leads to the frequent neglect of the micro unit of the individual executives in large firm's decision-making processes (Maitland & Sammartino, 2015; Sadler-Smith & Shefy, 2004), externalities, and corporate societal responsibility (Waddock, Bodwell, & Graves, 2002). It would be interesting to investigate the extent to which the institutional macro level of support organizations can disregard the role of individual stakeholders in firms' behavior, such as time to market and associated risk-taking decisions (Yuan et al., 2016). Responsibility is a concept tied to expertise that is acquired only after an extended period of time. If the expertise-skill threshold requires many years of experience, in

the like of 10,000 hours (Kahneman 2011, Taleb 2012) dedicated to the learning of a specific activity by practicing it approximately 10 hours per day, any firm in existence for fewer than three years could be considered irresponsible due to its lack of expertise in any given field. Hence, it is critical to consider time in business research.

However, in a modern society where there is continuous and rapid change, it is less desirable for firms to become experts. Additionally, the communication gap between the social and natural Life sciences, especially between business and medical disciplines, makes it difficult for humankind to comprehend its biological limits in the 'game' (Danchin, Binder, & Noria, 2011; Taleb, 2012) and to form symbiosis (Nelson & Cox, 2008).

Finally, this research contributes to academic research beyond IB through the reasoning used, abduction, which serves as a concrete illustration of how a human brain conceives and constructs its co-corporeality. I wish the LOI conceptual framework will serve as a gatekeeper and a bridge for colleagues from the Life sciences, as it mirrors important biological models: the dipole moment of water molecules (in Figure 1), the chemiosmotic hypothesis, and the energy currency ATP for adenosine triphosphate-powered pumps. The dimension that connects it to biological models, and the innovation of this thesis, is the concept of time internalization.

ACRONYMS

AIT	Asymmetric Information Theory
BT	Behavioral Theory
ECA	Export Credit Agency
EF	Export Finance
EP	Export Promotion
EPO	Export Promotion Organization
ETLA	Research Institute Finnish Economy [Elinkeinoelämän tutkimuslaitos]
FDI	Foreign Direct Investment
IE	International Entrepreneurship
IOT	International Organization Theory
IT	Institutional Theory
ITT	International Trade Theory
JIBS	Journal of International Business Studies
LDL (plant)	Locational Decision Theory
LOI	Location Ownership Internalization
MF	Marketing Framework
MNE	Multinational Enterprise
NT	Network Theory
OECD	Organization for Economic Co-operation and Development
OLI	Ownership Location Internalization
ORT	Opportunity Recognition Theory
OT	Organization Theory
PMT	Profit Maximization Theory
RBV	Resource-based View
SME	Small and Medium Size Enterprise
ST	Stage Theory
TCA	Transaction Cost Analysis
TCT	Transaction Cost Theory
UM	Uppsala Model
UNCTAD	United Nations Conference Trade And Development

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ESSAYS

Essay I: Addressing the finance gap in IB: A literature review combining export promotion services and locations to support firms' internationalization

Abstract

This paper has two parts: an integrative literature review of the export promotion research in the discipline of international business and an empirical part where we test our propositions generated from the theory. Our purpose is to enable new theory generation.

Despite its longstanding existence, export promotion research remains fragmented. We sought to find converging directions by reviewing its long historical evolution. Based on the literature review, we come up with five dimensions' propositions to create a single definition for export promotion. We validated the dimensions of this definition based on the comparison of five groups of export promotion service providers organizations across five European countries.

Through our literature review's historical focus, we unveiled the changing role and mimicking behaviors of States in their export promotion structures and services. The five dimensions of our definition have consolidated existing research findings to serve as a basis for future theoretical development.

Keywords: Export finance; export promotion; export promotion organization (EPO); finance; internationalization support.

1. Introduction

We build on the growing body of research looking at the interactions between institutions and organizations' behaviors and call for more finance in international business (IB) (Agmon, 2006; Bowe, Filatotchev, & Marshall, 2010; Lassard, 1983). To increase the integration of the financial dimension in IB, we review financing services as part of the export promotion (EP) and show how these belong to IB. EP was present at the inception of the IB field (Carlson, 1962) and is now a longstanding research topic in the IB community. Therefore, financial services (for an example, see Appendix A) deserve more attention. More specifically, finance was to some extent omitted³², raising questions such as “Why has the topic of finance been overlooked in IB?”

One of the possible reasons for this lack of interest in the role of the financial factor is the IB stronger focus on theoretical contributions compared to the field of finance (Hambrick, 2007). Indeed, as stated by Hambrick it is possible to publish in top journals such as the *Journal of Finance* without any intention to contribute to the theory, simply through raising the importance of a phenomenon. Another reason might be that historical developments from the field of IB, which initially came from the fields of economics, marketing, and management, all have a clear focus on theory. They look at phenomena from different fundamental explanatory perspectives that might explain how different approaches to the topic emerged.

The recent digitalization of the economy has renewed and complexified the dynamics of international business exchanges. New firms, which are early adopters of internationalization, have emerged, i.e., the Internet firms, also labeled as international new ventures (Oviatt & Phillips McDougall, 1994) or Born Globals (Knight & Cavusgil, 2004; Rasmussen & Madsen, 2002; Zander, McDougall-covin, & Rose, 2015), which are international from their inception and their activity is usually not characterized by exports. In contrast with traditional firms, most of the business of these companies is based on information and does not include physical goods and the exchange of services (Kotha, Rindova, & Rothaermel, 2001), implying fewer jobs and dematerialized geographical locations. Whereas most exchanges of physical goods, i.e. exports, remain limited to geographically close distances (Leamer & Storper, 2001). Yet, EP is based on the “market failure and funding gap” economic assumption (Cressy, 2002; Stiglitz, 1981) that firms need either market information assistance (Wiedersheim-Paul, Olson, & Welch, 1978) or financial support, in the form of, e.g., export guarantees and credit, in order to export. This

³² In 1980s and 1990s, it was a highly topical issue studied under “export promotion” but, as IB was not yet a field by itself, most of these studies were done by marketing scholars and published in marketing (see under “Foreign Marketing” sections: NA, 1962a, 1962b) or general management journals (for an example see Ghauri & Herbern (1994)).

constant creates a chicken-and-egg situation: do firms limit their exports to geographically close locations because of their lack of resources, which justify EP? Or do firms prefer to direct their exports to neighboring countries because of, for example, consumers' preferences and/or due to limited production capabilities, which to a certain extent would render EP useless? Nevertheless, this dematerialization challenges the economic measurement of EP added value creation at the level of the national economy, historically captured by turnover, exports, imports, and employment. We suggest that the concept of measurement should be revised completely to capture value creation in the evolutionary context of IB in which chaotic and non-linear behaviors exist (Sullivan & Daniels, 2008). Another contemporary rationale for government support toward exports was the recent financial crisis of 2007–08, which reinforced the constraining of MNEs and SMEs through reduced resources. From the perspective of EP at the micro and meso levels, the factors influencing exports can be simplified to a dyadic view, i.e. either the firms are lacking the financial resources, and a “market failure” or the management impulse is absent (Fernández-Ortiz & Lombardo, 2009). Accordingly, public support consists of both financial incentives applied to fill a market gap and services dedicated to help managers' decision making. However, most authors who studied EP did not challenge the positive view of governments on exporting (Görg et al., 2008), i.e., more exports are desired, as they are assumed to boost a country's economy through the opening of new markets and the creation of additional employment (Coughlin & Cartwright, 1987). With this narrow view, a lack of exports at the macro level is enough to justify EP. Nor did scholars challenge governments' focus through EP on the viability of the existing stock of firms. In addition, EPOs provide information and have a political self-interest in showing that their work is impactful, and they do so by presenting numbers that describe a positive effect. The current climate of political uncertainty overlapping with anti-globalization and protectionist's macro trends has now called out IB researchers' attention (AIB, 2017) on the opportunity to conduct renewed EP studies.

Our main purpose is to enable new theory generation. Our paper has two parts. In both parts, we describe the methods. First, in the theoretical part, we conduct an integrative literature review of the export promotion research in the discipline of international business. Based on this review, we draw five propositions and come up with a general definition for EP. Second, in the empirical part, we test our propositions generated from the theory through a cross-comparison of five case studies, which were five macro structures. We conclude by discussing the implications of our results, outlining our contributions, and suggesting future research directions.

2. Integrative review of the EP literature

Our method follows two steps: first, we conduct an integrative review of the literature to inform our readers and ensure the minimum knowledge to understand the current issue is of sufficient quality; and second, we use case studies to enable theoretical development in EP, which is the main purpose of this paper.

2.1. Methods and objectives of the literature review

We initiate our research with an integrative review of the EP literature (Torraco, 2005) in order to help researchers become “information literate” (Booth, Papaioannou, & Sutton, 2012, p. 6) on the topic of EP and to create a basis on which to develop further theories and generate new knowledge. We try to overcome one limit of comprehensive literature reviews, i.e., their lack of indications on which main articles an unfamiliar researcher or practitioner should read to quickly grasp the content of major publications on a topic. In addition, in a digitalized economy with increasing information flows, which make their retrieving and use complex, knowledge is not the mere accumulation of information, but rather their organization (Morin, 1990). In a complex world where managers need simple rules to make strategic decisions (Sull & Eisenhardt, 2009), IB researchers need simple methods with a view to publishing relevant and interesting papers on how to identify critical information and sort suitable from secondary knowledge. This is where an integrative review is appropriate.

We started our literature review with a selection of journals using the Journal Quality List (Tenzer, Pudielko, & Harzing, 2013). We kept only top-ranked journals in the ABS ranking (4* and 4), as well as all IB or entrepreneurship journals ranked first and second. The selection of journals is then cross compared with the results of an initial article search on the following keyword combinations:

Table 1: Keywords for data collection.

And	And/ Or	And/ Or
Public financ*(-ing)/ support/funding	Small business/ firm/ enterprise/ company	International(- isation), (ization)
Export promotion/assistance/credit	SME(s)	Export(-ation)
Financial assistance		
Export loan/credit guarantee		

We carry out the search using Google Scholar, as it “provides a database that is more inclusive and appropriate to the distinctively global environment of the 21st

century scholarship than does Thomson Reuters ISI”, which is now part of Clarivate Analytics/ Web of Science (WOS) (Adler & Harzing, 2009, p. 90). Through keyword selection, we screened 2093 references to verify that we were not missing some important contributions through alternative keywords and retained only those from the journals we selected. For the articles that were not available online as digital copies, the full-text documents were obtained as hard copies from libraries and scanned. We then do a review of the secondary literature to potentially find additional critical sources, especially references quoted by at least two articles from our review and highly cited. We decided to include one book and one book chapter (e.g., Faroque & Takahashi, 2012; Seringhaus & Rosson, 1991) because of their numerous shared secondary references with the rest of the panel and original findings. 186 references remained.

To identify key articles, i.e., those most frequently cited in the EP publications, we went through all references’ titles, abstract (and sometimes the body when those were not explicit enough) to select only the articles with a focus on both export or the international dimension and institution, or public support, and we cross-compared all their secondary literatures. The final panel contains 64 references; the *International Business Review* is the third contributor to our literature review, with six articles behind the *Journal of Business Research* (8) and the *Journal of International Business Studies* (15). The final sample has a timeline spanning 1964–2012.

2.2. Analysis of the literature review

We then coded the articles, following an adapted version of Griffith et al (2008), according to the discipline, departmental area, context of study, type, research question and purpose. We hereafter present the results of our systematic literature review with a focus on the theories used.

A first group (23%, 15 articles) with no or few theories had as their main purpose the impact evaluation or effectiveness assessment of EPO programs (Alvarez 2004; Czinkota & Ricks, 1981; Howard & Herremans, 1988; Kedia & Chhokar, 1986; Kudrle & Kite, 1989; Seringhaus, 1986; Wilkinson & Brouthers, 2000a, 2000b), five were pioneering informative studies (Mayer & Flynn, 1973; Reid, 1984; Reid, 1981; Simpson & Kujawa, 1974; Tookey, 1964), and the last one was pioneering evaluation study (Posner, 1980). The contribution of this group lies in the inclusion of non-exporters in studies to consider various dimensions of assistance, mainly based on the users’ perception, awareness, perceived need, requested/used/offered assistance, and expected benefits; the manager’s criteria were also accounted for. One study was of particular interest for taking into account the end customer, the

importer, by targeting assistance desired by exporting firms according to its importers' perceived needs and interests (Czinkota & Ricks, 1981).

The macro-level studies (5) used various classical theories, such as institutional theory (Seringhaus & Rosson, 1991; Shinkle & Kriauciunas, 2010), industrial organization theory (Parry, 1973), international trade theory (Coughlin & Cartwright, 1987), and the network theory (Wilkinson et al., 2000).

Within the meso-level studies (24), the stage theory dominated (Ahmed et al., 2002; Bilkey & Tesar, 1977; Czinkota & Johnston, 1981; Freixanet, 2012; Kotabe & Czinkota, 1992; Miesenbock, 1988; Moini, 1998; Naidu & Rao, 1993; Welch & Wiedersheim-Paul, 1979). The second most used theory was the resource-based view theory (Chiara & Minguzzi, 2002; De Maeseneire & Claeys, 2012; Sousa & Bradley, 2009; Wilkinson & Brouthers, 2006), followed by the Uppsala model (Bilkey, 1978; Seringhaus, 1987; Yang, Leone, & Alden, 1992). Other theoretical approaches included transaction cost analysis (Acs, Morck, Shaver, & Yeung, 1997; Belich & Dubinsky, 1995), the marketing framework (Diamantopoulos, Schlegelmich, & Tse, Katy, 1993; Pointon, 1978), the asymmetric information theory (Lederman, Olarreaga, & Payton, 2010) and the profit maximization theory (Edmunds & Khoury, 1986). It is interesting to mention that no study used the OLI paradigm (Dunning, 1988b, 1988a, 2000), the closest study we found was located in the plant locational decision literature (Kotabe, 1993).

Within the micro-level studies (14), the behavioral theory dominated (Bauerschmidt, Sullivan, & Gillespie, 1985; Carrier, 1999; Christensen, Da Rocha, & Kerbel Gertner, 1987; Fischer & Reuber, 2003; Gray, 1997; Kumcu, Harcar, & Kumcu, 1995; Morgan & Katsikeas, 1997; Rabino, 1980; Seringhaus & Botschen, 1991; Weaver, Berkowitz, & Davies, 1998), followed by the international entrepreneurship theory (Faroque & Takahashi, 2012; Fernández-Ortiz & Lombardo, 2009; M. Wright, Westhead, & Ucbasaran, 2007) and the opportunity recognition theory (Simmonds & Smith, 1968).

Finally, five studies had an integrative approach combining two theories and sometimes two units of analysis: institutional theory combined either with organization theory (Gillespie & Riddle, 2004) or with the resource-based view theory (Wang, Hong, Kafouros, & Wright, 2012); stage theory combined with the Uppsala model (Lee & Brasch, 1978) or with the behavioral theory at the individual and firm units of analysis (Dichtl, Koeglmayr, & Mueller, 1990); and resource-based view theory combined with the behavioral theory (Görg et al., 2008).

Over our whole sample, we found that these nearly 50 years of EP research have followed a relatively static research agenda and focused on the pragmatic issue of impact. Beyond the measurement issue, data usually available and used for those evaluations were outcome data (cross-sectional and ex-post events). Because they neglected the time dimension, they did not provide answers on the issue of causality

(Kudrle & Kite, 1989). We argue that EP researchers are ready to consolidate the breadth of EP contributions to use deeper analysis through historical approaches and switch their focus from practice to theory. Theories enable knowledge progress and therefore a deeper understanding of a specific topic, which is pragmatically grounded. As Buckley (2011, p.66) wrote “sound theory [...] reinforce[s] important analytical distinctions that can be translated into statistics so that these ‘social facts’ can lead to a new round of theorizing”. The pragmatically grounded characteristics of EP research so far shall not be seen as a limitation for theory development, as both theory and practice are complementary. This is evidenced in the IB research by the importance given to the holistic approach and the attention paid to the role of context and the environments in which events happen. Therefore, we would like to call the researchers’ attention to the opportunity to raise the EP debate to the theoretical dimension, as in our literature review we found only one article calling for theory development (Gillespie & Riddle, 2004).

On the question of how to generate new theories, several authors have suggested that using a historical approach would enable theoretical development in the form of appreciative theory (Cantwell, Dunning, & Lundan, 2010) or mid-range theory (Birkinshaw, Brannen, & Tung, 2011). This approach would also enable the determination of causality (Morck & Yeung, 2007), which cannot be directly linked (as measured in time) to decisions and performance outcomes, and subsequently improve quantitative models (Birkinshaw et al., 2011). A historical approach of EP, by implying a longitudinal approach and the triangulation of data sources, would provide IB scholars with a bigger picture (Macharzina & Engelhard, 1991) and consequently enable them to find answers for “where” and “why there,” from which answers would also come from the “how”, and “when” questions (Whetten, 1989) of investigating the internationalizing causal complexity of the internationalization process (Welch, Nummela, & Liesch, 2016).

To provide such a conceptual ground for theoretical development in EP research, we classified theories used in our carefully selected collection of 64 key articles and sorted them according to their unit of analysis (Table 2).

Table 2: Theories in the export promotion literature.

<u>THEORY</u> [7] MACRO	[0]	[0]	[1] OT+IT [2] IT [1] IOT	[1] ITT [2] NT
[1] MACRO +MESO	[0]	[0]	[1] IT+RBV	[0]
[25] MESO	[0]	[0]	[1] ST+UM [9] ST [3] UM* [4] RBV [2] TCA [1] PMT [1] LDT* [1] MF	[1] ST [1] AIT [1] MF
[2] MESO+ MICRO	[0]	[1] ST+ BT*	[1] RBV+BT*	[0]
[14] MICRO	[4] BT [1] IE [1] ORT	[0]	[6] BT* [1] IE	[1] IE
[49] ----- N=64 <u>LEVEL OF ANALYSIS</u>	[6] MICRO (individual)	[1] MESO +MICRO(firm +decision maker)	[35] MESO (firm)	[7] MACRO (country, network, program)

Note: Acronyms (p140); n=49 (15 articles, from the N=64 retained, out of an initial sample of 186, were not included due to no/few theories); * Process data studies (longitudinal or time series)

The review of the literature revealed that the bulk of EP research has been mainly empirical and quantitatively oriented. Excluding the quarter of papers with no theoretical content, the authors used a wide range of 16 different theories spanning from the macro level of institutional theory to the micro level of behavioral theory. Although EP researchers have not engaged in theoretical development until now, half of the studies in the review revolved around three theories: the stage theory, the Uppsala model, and the behavioral theory. The first two (also main IB) theories were the leading theories used in the sample. This further reinforces the position of IB as the main contributing discipline to EP research.

2.3. *Conceptual background: A historical co-analysis of IB and EP*

I examined the articles from the literature review in order to conduct a historical co-analysis (Jones & Khanna, 2006; Morck & Yeung, 2007) of IB and EP.

With a view to determining the infancy of EP, the first publication in the review of EP from Tookey (1964), a pilot survey of factors influencing export success, was used as the zero-mile marker and upon further research was confirmed as the “EP foundation stone.” As a point of comparison, formal IB studies appeared after World War II as US exports and foreign direct investment (FDI) came to play an important role in world reconstruction and development. The IB genesis is conventionally dated back to 1960 with Stephen Hymer’s PhD dissertation. However, Buckley (2011) wrote that several contributions pre-1960 have been ignored due to their fragmented nature. Buckley suggested that instead it is Dunning’s seminal book that should mark IB origins in 1958. But Dunning himself (2009) acknowledged the work of Lund, his 1944’s paper, as precursor to the elements of his theory of FDI and the MNE (Dunning, 1977, 1980; Dunning & McQueen, 1981).

This first EP study has the limitation that information was mainly obtained from large MNEs, but it was among the first to include the public export services dimension, and the article was re-used by several authors from our review (Bilkey 1978; Faroque 2012; Miesenbock 1988). Compared with IB field development, it is recognized that IB also had its primary focus on large firms (Luostarinen, 1979; Zander et al., 2015). The first studies in our review go with the beginning of globalization (O’Rourke & Williamson, 2002) and a shift in the academic publications from the end of the closed economy model in 1820 (Grampp 1987) to a more “micro” focus, company level, of the economy (Perkett 1963; Snavely et al. 1964, as mentioned in Bilkey 1978; Tookey 1964).

The first article, dealing specifically with the unit of analysis of SMEs and with government intervention from Mayer & Flynn (1973), was done in the context of Canada. Their approach is pragmatic, containing no theoretical content. As their unit of analysis intended to be the “small businessman,” we expected a focus on the individual and its decision process to enter foreign markets; however, the study remained the company level.

The first US study focusing on SMEs (Bilkey & Tesar, 1977, p. 94) aimed to determine whether SMEs “can export successfully,” thus diverging from the earlier micro-level focus of European studies conducted in Sweden at the Uppsala School. This can be explained by the smaller market size of European countries compared to the US market and the need for SMEs to look at business development opportunities abroad in order to grow.

The first comprehensive review of IB promotion in the US across States was done in 1980 by Berry and Russen (as quoted in Coughlin & Cartwright, 1987, p. 440). The center of interest was on wide activity in a large domestic market and on

income FDI (Coughlin & Cartwright, 1987; Kudrle & Kite, 1989). These initial studies referred to IB support programs as they encompassed two forms of internationalization: exports and incoming FDI. However, to our knowledge, no author has followed up with studies on the distinction of IB support (i.e. IS) with EP. Independently, Kotabe (1993) made the distinction between EP activities and measures to attract FDI. He wrote that Japanese firms were “gradual[ly] transition[ing] their strategy from export orientation to local production as a means of coping with and appeasing U.S. frustration over massive trade imbalances between the two nations” (1993, p. 133). This observation is quite topical in the current political context of protectionist and political uncertainty trends in the US and globally (AIB (Academy of International Business), 2017; “Risky business,” 2016).

2.4. Proposition generation to consolidate EP research literature into a general EP definition

Despite its long history since the 1960s (Tookey, 1964) and more than 35 years after Pointon mentioned it (1978, p. 452), there is still no consensus on a single definition for EP. From 1971³³ to 2012, we found nine different definitions (Freixanet, 2012, p. 1066; Gray, 1997, pp. 388–9, 395, 401; Kedia & Chhokar, 1986, p. 13; Lederman et al., 2010, pp. 258–9; Seringhaus & Rosson, 1991, pp. 5, 56; Seringhaus, 1986, p. 56; Sousa & Bradley, 2009, p. 686; Weaver et al., 1998, p. 4; Wilkinson & Brouthers, 2000b, p. 725). This variety is due to the diverse nature of the literature spanning multiple fields: marketing, international business, economics, management, public policies, and strategy, are the main contributing fields in our review. No interdisciplinary consolidation of the numerous studies on EP across disciplines has been conducted so far. As stated by Lopez, Kundu, & Ciravegna (2009, p. 1230) “inconsistency in definition criteria makes it difficult to compare the [...] phenomenon across different studies.” Within one field, several methods are used, making comparisons between studies difficult. In their definitions, the authors remained rather broad, using mostly the terms “policy” and “programs,” rarely “organization vehicle” or “agencies,” emphasizing the services offered rather than the providers. In our literature, it became apparent that two categories could be drawn for EP activities based on the type of resources—either financial or non-financial services—which are initiated or supported by governments, and which then target, but are not limited to, SMEs. In addition to these definitions, EP initiatives are consistently dedicated to, encourage, ease, or enhance export activities. Two

³³ Seringhaus (1986); our first EP definition quoted a definition originally from Root (1971).

definitions are interesting for their mention of international business (Weaver, Berkowitz, & Davies, 1998; Wilkinson & Brouthers, 2000) and the contribution of EP to promoting IB. From a practical point of view, EP relates to the field of IB, but “international*” was merely used as a synonym for “export(s).” This is illustrated by this the following statement: “to help the exporter conduct international business” (Weaver et al., 1998, p. 4). From previous definitions, it seems that EP research has remained focused on exports, omitting the other dimensions of international business and the process dimension of the internationalization of firms (Welch et al., 2016). Therefore, we formulate the following:

Proposition 1: EP’s primary focus is on export activities.

As in internationalization strategy, one size does not fit all (Welch & Wiedersheim-Paul, 1979), EP services shall be designed accounting for firms’ environment (cultural, legal, and political) and their stage of development (Naidu, Cavusgil, Murthy, & Sarkar, 1997, p. 116). The authors mentioned the internationalization process as a category for EP agencies to delineate and target their potential customers. They referred to the sole export stage of internationalization with several levels of export involvement, ignoring all the other ways to go global or to become internationally involved. Yet, EF plays an important role in IB beyond exports—it plays a role in FDI (Forssbäck & Oxelheim, 2008; Oxelheim, Randøy, & Stonehill, 2001). To our knowledge, Freixanet (2012) represented the first attempt to distinguish internationalization stages beyond mere export intensity (e.g., accounting for the existence of subsidiaries or production abroad).

So, what is (are) the role(s) of EP agencies? Are EP agencies meant to concentrate their efforts on export only, and is this focus still relevant in terms of globalizing and/or digitalizing firms’ need?

Our review of the existing literature revealed that EP agencies have various ways to segment their offers (see also Naidu et al., 1997, p. 116). Regarding EP types, they can be broadly classified into two categories: “indirect” and “direct” or “standardiz/sed” and “customiz/sed”, or “informational” and “experiential knowledge”. As the result of our analysis, we propose adding another distinction, either financial or non-financial EP. We suggest the following:

Proposition 2: EP consists of non-financial and/or financial services.

Regarding EP’s role, drawn from the past literature, the main actions undertaken by EP agencies to promote international growth are to “aid,” “assist,” “help,” or to “encourage,” “enhance,” “foster,” and “improve,” with an emphasis placed on awareness and education through information and knowledge. This can be explained in part at least by the fact that, in the early 1960s–1970s, “the predominance of IB research effort was in the traditional functional areas—particularly in marketing, and

to a much lesser extent in [...] finance” (Wright & Ricks, 1970, p. 112; Wright & Ricks, 1994, p. 689). This predominance has persisted, as can be seen in previous literature reviews on EP research. The justification for this focus on the marketing function lies in its pragmatic relevance and direct application to the firms’ markets (Serinhaus, 1986), whereas the topics of finance and financing types have been neglected or details have been limited to vague categories: “investment support” and “export financing.” Finance related to EP (i.e., EF) consists, among others, of risk financing and export credit guarantees or insurance (Simpson & Kujawa, 1974) (see Appendixes A and B). From the angle of the EP, one of the main purposes of institutions is to reduce uncertainty (Crossland & Hambrick, 2011, p. 800). In the global context of current IB with the re-emergence of political risk in the developed world (“Risky business”, 2016), EF seems justified, but as it is mainly for long-term investments, it would exclude de facto support for most of SMEs’ exports transactions. As the rationales for EP include market gaps or market failures, EP financing services shall remain where commercial banks’ supply insufficiently meets firms’ needs without crowding out the market (Fallis, 2016). We hypothesize that EP financing services, such as export credit guarantees, through their impact on the level of transactions’ uncertainty (Welch & Wiedersheim-Paul, 1979) can influence firms’ attitudes toward internationalization and their IB strategy (export frequency, mode choice, supply chain, etc.). To our knowledge, no research has been conducted on how different types of EP financing affect IB in the context of global uncertainty.

Our EP review has shown three levels of focus for EP initiatives, micro, meso, and macro: for the individuals “to improve the ability of managers” (Gray, 1997, pp. 395–396), for the firms “to improve the international competitiveness of domestic firms” (Diamantopoulos et al., 1993, p. 5), and for the country “to increase employment, tax revenues and reduce the nation’s trade deficit,” (Kotabe & Czinkota, 1992, p. 639) respectively. In order to better understand and define EP purpose(s), researchers should look upward at the providers of specific EP services and to “who” set the purpose for those EP providers? Are EP providers independent? Semi-independent? To what extent is the State, hence the policymakers, involved? It is important to mention that “the philosophy of government/private sector interaction in [different] countries differs considerably as evidenced by their [respective] export promotion policies” (Serinhaus & Botschen, 1991, p. 115) and their “institutional structure” (Lederman et al., 2010, p. 258). Some studies have considered embassies to play the role of EP (Rose, 2007), ergo the need to have a clear standardized definition of EP. Overall, the literature has reflected governments’ special focus on SMEs. We propose the following:

Proposition 3: EP tends to target SMEs.

From our review of the past, it seems that EP researchers have kept the focus on mere exports and that they did not account for the process dimension of organizations' internationalization. Would they have done otherwise, the lack of clear conceptual distinction would remain between the types of EP support in line with this process view. As firms evolve, so does their business model and the possible needs for more internationally oriented support, i.e., "internationalization" support, change accordingly. We propose the following:

Proposition 4: EP targets internationalization when the offer of services goes beyond the sole export dimension, e.g., for international investment (FDI).

Concerning the process dimension of internationalization, EP researchers focusing on one single stage, exports, have omitted the measure of time (Welch et al., 2016) through which the international development of firms unfold. Considering the complexity of EP in globalized economies, it seems necessary to conduct further research, adding the time dimension and the process of change imposed on firms in the competition of international environments, to clarify and consolidate this research topic. As stated by Welch et al. (2016, p. 793), a process approach of internationalization "shift away from information—a static notion—to its dissemination and diffusion, the accumulation of knowledge and learning processes". Echoing Morin (1990), EPOs that organize and process data produce added value for their customers through the knowledge created. Therefore, we propose the following:

Proposition 5a: *EP uses a process approach when the services offered account for the time dimension (e.g., dissemination or diffusion).*

Proposition 5b: *EP uses a process approach when the services offered go beyond merely providing information.*

Based on our review of the existing literature, we consolidate EP dimensions (Propositions 1 to 3) into a general definition of EP:

EP is the way in which institutions external to the firm intend to influence a firm's exporting behavior. It consists of possibly segmented (preferably tailor-made), non-financial and/or financial services, which are initiated or supported (understand financed/sponsored) by governments and which tend to target SMEs. EP initiatives are dedicated to raising awareness of export opportunities and encouraging, easing, or enhancing firms' export activities primarily and subsequently to attract incoming FDI.

3. Empirical validation of the proposition of a general EP definition through cross-country multiple-case studies

We tested the five propositions that formed the general definition for EP through five case studies of national structures for EP.

3.1. Cases selection

EP is hypothesized to be similar at the country level. Within a country's structures, different EPOs provide different services, and across countries, similar services are offered across various EPOs. Therefore, in the article, we studied and presented the results at the macro level of grouping.

Complying with Eisenhardt's recommendation (1989) we select five cross-country multiple-cases. As to country selection, we focused on European countries. Europe is a natural environment for international exchanges and growth owing the geographical proximity of its countries, the continuous development of integrated transport infrastructures, the introduction of a single currency, among others. All countries within this zone are open economies. The public support of small- and medium-sized firms (SMEs) is an official political orientation in Europe (launch of the Small Business Act) and a concrete target since 2008 in reaction to the economic crisis. The EU has also issued a communication in which it officially defines the role of National and Regional Promotional Banks and Institutions (European Commission, 2015), which makes our research work even more relevant for implementation across European countries.

From the theory, we know that the size of the internal market of a country is a major influencer of the pace of internationalization of its firms (Luostarinen, 1979); hence we select and compare small open economies versus large open economies. As language is a strong influencing factor in international exchange (Mayer & Ottaviano, 2007), we are interested in comparing small and large open markets sharing the same language. France and Germany are large open economies versus Sweden, Austria, and Finland, which are small open economies (see Note 4); Austria and Germany share a common language; and France and Austria, as for their export structures, were already compared in previous studies as "dissimilar", with France being classified as "governmental" (Seringhaus, 1986, p. 64)³⁴.

Our five macro-cases were carefully selected in order to enable meaningful cross-case comparisons to be made and generalize at the level of cases (Kennedy, 1979), since generalization out of only a few cases is not possible, at the level of the population.

³⁴ It would be interesting to see if this opposition still holds true today, 30 years later (?).

3.2. Method of empirical validation

The practical validation for our propositions was performed through the examination of the 38 EPOs case by case, but for the results presentation, we focused and present the findings grouped within their respective country level of five national structures of EP.

Across our cases covering five countries, Austria, France, Finland, Germany, and Sweden, we reviewed the financial and non-financial services of all identifiable EPOs. The macro sample had a total of 38 export promotion organizations (EPOs). We present below a summary (Table 3) of the specific EPOs that provided financial services (21 out of the 38), since finance is the focus of this paper.

Table 3: EPOs and financial service providers compared

External Finance	Financial aid	Insurance	Debt financing				Hybrid finance	Participation	
	Grant/ Subsidy/	Guarantee (ECA*)	Short term		Loans	Long term		Mezzanine/ Convertible bonds/ Subordinated debt/	Private equity/ Venture capital/
			Leasing	Factoring		Refinancing	CIRR-credit		
Country									
AUSTRIA	AWS, ÖVAG, BMWFJ	AWS, ÖVAG, WKÖ, OeKB* (AEF,	AWS, ÖVAG	ÖVAG	AWS, ÖVAG, WKÖ	OeKB	OeKB	AWS	AWS, ÖVAG
FINLAND	Finnvera, TEKES, Nofep, ELY	Finnvera*	Finnvera	Finnvera	Finnvera, FII, Fimmfund, TEKES	Finnvera	Finnvera	Finnvera, FII, Fimmfund, TEKES	Finnvera, FII, Fimmfund, TEKES
FRANCE	BPI (OSEO) UBIFrance	BPI (OSEO) COFACE*	BPI (OSEO)	COFACE	BPI (OSEO) UBIFrance	COFACE	COFACE	BPI (OSEO, CDC, FSI)	BPI (CDC, FSI)
GERMANY	KfW, IBB, BMELV	KfW (DEG), LfA, LBBW, L-Bank, FTIP* (Euler Hermes*)	FTIP (Euler Hermes), IBB, LBBW	LBBW	KfW (IPEX, DEG), AKA, IBB, LfA, LBBW	KfW, AKA	KfW (IPEX), AKA	KfW (DEG)	KfW (DEG), IBB, LBBW
SWEDEN	Swedfund, Nofep	ALMI, EKN*, Industrifonden, Norlandsfonden	SEK	Factoring cie + SEK	ALMI, SEK, Industrifonden, Swedfund, Norlandsfonden, Nofep	SEK	SEK	ALMI, Industrifonden, Swedfund, Norlandsfonden	ALMI (Almi Invest), GNPF, Industrifonden, Swedfund

Acronyms: AEF: Austrian Export Fund; AKA: Export Credit Society; BMELV: The Federal Ministry of Food, Agriculture and Consumer Protection; BMWFJ: Austrian State Minister for Economy, Family and Youth; BPI: Public Bank of Investments; CDC: Deposits and Consignments Entreprises; DEG: KfW DEG Invest; ECA: Export Credit Agency; EKN: EKN; FII: Finnish Industry Investment; FSI: Strategic Public Investment Funds; FTIP: Foreign Trade and Investment Promotion; IBB: Berlin Investment Bank; IPEX: KfW IPEX Bank; LBBW: Regional Bank Baden-Württemberg; LfA: LfA Development Bank Bayem; OeKB: Austrian Control Bank; ÖVAG: Austria Cooperative Bank; Prisma: Prisma Credit Insurance; SEK: Svensk Exportkredit; GNPF: Sixth National Pension Fund; WKÖ: Chamber of Commerce Austria.

Although we have studied each EPO independently, the validation of our proposition is performed at the macro level of the country.

We considered that a proposition was supported when either all national structures of EP had at least half of their EPOs fulfill the tested criteria (range equal to 50% or above) or when the mean percentage was strictly above 50%, with a median of 50% or above.

3.3. Results

To contextualize the 38 EPOs, we conducted a historical comparison of their respective EPO structures in Table 4, in which the individual organizations are embedded.

Table 4: Overview of export promotion organizations.

Export Promotion Organization	First	Chamber of Commerce	Export Credit Agency (ECA)	National Promotional Bank or Institution (NPBI)	Latest Forms ³⁵
<i>1800–1870</i> Industrial revolution	FR (1802) DE (1818) AU (1948)	FR (1802) AU (1948)			
<i>1870–1914</i> First (modern) global economy	SE (1902) FI (1917)	SE (1902) FI (1917)			
<i>1914–1971</i> Retreat towards nationalism		DE (1956)	DE (1927) SE (1933) FR (1946) AU (1946)	DE (1948)	
<i>1971–1980</i> New international economics					
<i>1980–2007</i> Third wave of globalization before the financial crisis			FI (1998)	SE (1994) FI (1998) AU (2002)	AU (2006)
<i>2007–present</i> Third wave of globalization after the financial crisis				FR (2012)	DE (2010) SE (2011) FR (2012) FI (2013)

Table adapted from Cantwell et al. (2010).

As can be seen in Table 3, the five countries under scrutiny have many similarities, and their development across time into the same structural forms, chambers of commerce, agencies, and banks, supports the argument for institutional mimetism (Brass, 2004).

Assuming a co-evolutionary link between the firms and the institutions (Jones & Khanna, 2006; Morck & Yeung, 2007), as the purpose of EP

³⁵ These forms are either umbrella structures or collaborations between organizations. There is a general trend to bring together different governmental agencies or related organizations for clarity (e.g., having a unique portal for all services and cost reductions through synergies).

agencies is to serve firms' international development, we shall also see an adaptation of the level of EPOs' services.

In Table 5, we present a summary of the practical validation for our propositions through the examination of EPOs within five national structures of EP.

Table 5: Validation of the EP definition across macro-cases at the country level.

Country (Σn=38)	Proposition 1:		Proposition 2:		Proposition 3:		Proposition 4:		Proposition 5:	
	EPO with SMEs as a target		EPO offering both financial & non-fi services		EPO with EP as a focus		EPO with internationalization as a focus		EPO having a process approach	
France (n = 7)	6	86%	5	71%	6	86%	5	71%	4	57%
Germany (n = 9)	5	56%	8	89%	7	78%	6	67%	5	56%
Austria (n = 6)	4	67%	6	100%	5	83%	4	67%	3	50%
Sweden (n = 8)	5	63%	5	63%	7	88%	4	50%	5	63%
Finland (n = 8)	4	50%	5	63%	3	38%	7	88%	5	63%
<i>Range</i> (n = 6–9)	4–6	50–86%	3–8	38–100%	3–7	38–88%	4–7	50–88%	3–5	50–63%
<i>Median</i> (n = 8)	5	63%	5	71%	6	83%	5	67%	5	57%
<i>Mean</i> (n = 8)	5	60%	6	73%	6	70%	5	65%	4	55%

Propositions 1, 2, and 3 were supported. EPO have SMEs as a target; they offer both financial and non-financial services, and they have EP as a focus. The lower result for the Finnish national structure of EP regarding the third proposition (38%) can be explained by its focus on IP instead, as can be seen in Proposition 4. Consequently, these results support our consolidated EP definition.

Proposition 4 was supported. All EPO have IP as a focus. This result reveals the need for EP researchers to catch up with practice. Indeed, whereas researchers still focus on export supports, the EPOs have a broader scope of support types and offer financial and non-financial services for firms beyond the stage of exports, e.g., “internationalization program” and “internationalization support campaigns.”

Proposition 5 was also supported. Examples of the process approach tested in Proposition 5a, i.e., the time (or speed) of internationalization, were services for firms “increasingly approaching international markets,” “accelerating growth,” or “founding for young innovative companies support innovative SMEs for fast international growth.” Examples of the process approach were tested in relation to

Proposition 5b: the dissemination and diffusion of internationalization, the accumulation of knowledge and learning processes for internationalization, and services such as “networking,” “partner matching,” “identifying and initiating contact with potential business partners,” “organization of business trips,” “coaching for the development of strategy,” or “consulting services for the different stages of international expansion.” Through the cases, in the process dimension of internationalization, time was less a focus compared to knowledge creation.

4. Discussion and implications for IB research

We created five propositions to consolidate the EP research literature. From these assertions, we proposed a general definition of EP. These propositions were validated through a cross-country comparison of five case studies of national structures for EP. Following Cantwell et al. (2010), our overall analysis is shaped by the use of an historical approach to investigate the co-evolution of IB and EP. All our propositions were supported. The support of our five propositions revealed that the concepts of IB have had good diffusion within EP in practice. These examples translated into a rather dynamic and innovative approach for EPOs. The existence of the process approach within EP national structure appears as a research opportunity for IB scholars to increase their awareness of the role of time and explore the evolution of the concept of internationalization process diffusion. In addition, the process dimension of internationalization is not yet a mature topic in IB research. And it has only recently attracted more focused interest (Welch et al., 2016). This therefore raises the question of whether EPOs were influenced through the diffusion of IB research or through information from firms or through their affiliations to specific networks. We would assume that EPOs' evolution regarding the integration of the specific internationalization aspect of process is not influenced by the diffusion of IB research, as we have shown that the greater part of EP literature concerned impact assessment, and those studies were usually done *ex post*. Thus, we would expect EPOs' evolution to be affected either by firms, especially MNEs (Regnér & Edman, 2014) or by networks (Brass, 2004), or by both.

While we reported our research methods in detail and strongly based our study on previous publications, several limitations can be found in our article. First, our sample remains rather small in comparison to all EPOs and national structures for EP that exist all around the world. Secondly, for reasons of practicality and comparability, we had to limit our five countries to industrialized countries and existing EPOs. However, looking at these industrialized countries that recently created an EPO (e.g., British Business Bank, UK, in 2013) or at emerging markets would provide a rich dataset on the evolutionary process of an EPO's development and on its context. Third, in this essay, we draw on national structures for EP, but we did not analyze inter-organizational relations and the effects of network ties on organizational learning.

We believe that our essay makes several key contributions. The topic of EP covers many dimensions that span multiple disciplines. It is at the crossroads of the economy and policy. Through the use of that historically grounded perspective (Cantwell et al., 2010), we intended to overcome some of the limits of the current state of research in EP: the absence of theoretical development and the issue of causality (Morck & Yeung, 2007) in impact assessment/evaluation studies, which constitute the bulk of the research conducted until now in EP. As suggested by Doz

(2011), IB scholars must use more of the qualitative research approach to develop IB-specific theories rather than borrowed theories. To determine what theoretical development can be advanced between the topic of EP and the IB discipline, we have provided frameworks (Table 1,2) and a method (Table 3) to sort and consolidate existing knowledge about EP. Our frameworks are meant to facilitate theoretical development. On one hand, we listed theories and organized them by level of analysis. This should foster researchers to depart their observations of EP from theories rather than from the practice by easing the identification process of mainstream theories, alternative theories, and combinations of theories used so far in EP. On the other hand, our historical view of selected types of EPO has revealed the possibility that EPOs' behavior might be influenced by institutional mimetism (Brass, 2004). This raises the question: Why is there institutional mimetism across national structures for EP? Also, since Sullivan and Daniels (2008) wrote their article to use multiple paradigms and introduce chaos theory to the field, IB has made interesting progress on explaining complex problems and circumventing the limit of positivistic approaches—for instance, using mixed methods, as done in an earlier award-winning article from Knight and Cavusgil (2004) combining case studies followed by a survey, or combining theories (as in the article written by Cantwell, Dunning, & Lundan [2010]) such as the institutional theory and the OLI paradigm.

Furthermore, we believe our method could be reused to test further cases of national support for EP and IP, and thus to extend our general definition of EP and the concept of IP to a larger number of cases. Our method could also be a point of departure for integrative literature reviews in disciplines outside of IB.

Our research has important policy implications. While there is a growing body of research interested in investigating how firms are influenced by institutions (Cantwell et al., 2010; Hadjikhani & Ghauri, 2001; Parry, 1973), less research has delved into how institutions' co-evolution is shaped by firms (for some examples, see Gillespie & Riddle, 2004; Regnér & Edman, 2014). This second relation is particularly topical to assess the relevance of institutions in the fast-changing international business environment. As one of the claimed purposes of IB scholars is to inform policy makers (Gillespie & Riddle, 2004; Kotabe & Czinkota, 1992; Luostarinen, 1979; Naidu et al., 1997), we expect some degree of penetration of the IB concepts in EP. This should be especially the case regarding the existence of different types of international involvement, not limited to exports, and the process view of firms' internationalization (Welch et al., 2016), which we argue should further guide the design of the services offered to support organizations. Brown and Mawson (2016) found that policy focused on exporting did not capture firms engaged in other more committed forms of international activities. Thus, the distinction between EP and IP should encourage policy makers to change their level of analysis from SMEs overall to MNEs to account for the process of

internationalization and the time dimension, which characterizes the life cycle of firms operating in foreign markets. Ultimately, the process view should provide a richer set of data. These data could be used by researchers in innovative ways to come up with new indicators to seize the added value and knowledge created by EP services in complex environments. Finally, the long history of existing EPOs and the current trend to look at policy mixes (Rogge & Reichardt, 2016) also suggest that there are research opportunities in the direction of EP services offered, such as in how these services have evolved since the 1960s, how new services have emerged, how EPOs address MNEs' needs, and, by extension, how EP agencies contribute to MNEs' strategy of information internalization. Regarding the specific dimension of the policy mix, one angle would be to determine whether EPOs exchange information within their national structure. Another angle would be to determine whether they are organized in a system (Anderson, 1999, p. 216) of co-operating EPOs or if it is a mere structure of co-existing EPOs.

Future research studies that could seize the opportunity to address the limits to our inquiry into EP roots and its co-evolution with IB raise many questions. We estimate that the frameworks and method described in our essay can be easily reproduced to add more cases and enable further case generalization of our findings. It would also be interesting to test their relevance for emerging markets. We identified several comparable types across the five countries under investigation: Chambers of Commerce, Export Credit Agencies (ECA), and national promotional banks or institutions (European Commission, 2015; Fallis, 2016). Each of these specific types could be the object of further focused research. NPBI, through a historical evolution approach, could be studied in the context of a network belonging (e.g., NEFI) to assess the unfolding of change and innovation within the related EPO. Recently created NPBI could be investigated to understand, for example, the extent to which emerging countries are influenced by existing NPBI in developed countries (i.e., whether they offer similar activities).

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Essay II: Does reality match theory? An assessment of the role of SMEs' finance ownership factor and age ownership advantage within the eclectic paradigm

Abstract

Financial support for small- and medium-sized enterprises plays an important role in public policy for employment and growth. Nevertheless, its role in influencing firms' degree of internationalization remains understudied and controversial.

Through the lens of the finance ownership factor and the age ownership advantage within the framework of the eclectic paradigm, we looked at the determinants of 813 small and medium-sized enterprises' international commitment in three different but comparable countries within the same economic area of Europe.

We used regression analysis and found that the financial constraint and external financing were negatively correlated to the degree of internationalization. Contrary to our expectations, tangible assets and public support did not explain variations in foreign activities. I proposed some evidence that public support would act as a moderator reducing the impact of financial constraints on the degree of internationalization. Supporting these hypotheses, age was negatively related to both the degree of internationalization and the probability of raising the public finance ownership factor.

The findings of this study highlighted the importance of including and distinguishing the finance ownership factor and the age ownership advantage of firms' in internationalization analysis.

Keyword: Eclectic paradigm; finance ownership factor; age ownership advantage; public support; external financing.

1. Introduction

In an editorial published in the *Journal of International Business Studies* (2006, p. 575), Agmon departed from the statement of a “gap between the role of finance in the practice of [international business] IB and IB research in finance” and called for the integration of financial economics within IB research. This call was repeated by Bowe, Filatotchev, & Marshall (2010) and at the AIB conference (2014), the track of International Finance and Economics gathered 10 different topics, reflecting the interest of the research community and the various options offered to study finance in IB. Yet, the number of finance-specific papers represented only 6% of the total, indicating that finance is still a proportionally underexplored dimension in IB research. Some important questions remain to be addressed, such as: Do firms limit their exports to geographically close locations because of their lack of resources, which justifies EP? Do firms prefer to direct their exports to neighboring countries because of, for example, consumers’ preferences and/or due to limited production capabilities, which to a certain extent would render EP useless?

Finance in IB is interested in public support for small and medium enterprises. Since SMEs represent the majority of all businesses and employment (OECD 2010), they have been subject to many policies (Green, 2003). These policies have mainly based their intervention on the classical justification of market failures and the induced funding gap (Cressy, 2002; Stiglitz & Weiss, 1981). Justifications for public intervention were supported by Friedman. In Stiglitz’s review of Friedman’s work, “the market economy does not automatically guarantee growth, social justice, or even economic efficiency; achieving those ends requires that government play an important role” (Stiglitz, 2005, p. 129³⁶). Hymer also identified additional issues: the redefinition of the State’s role in the context of firms’ internationalization and the rising power of multinational enterprises (MNEs), as analyzed in Dunning and Pitelis (2007). However, several recent studies (Faroque and Takahashi 2012; De Maeseeneire and Clayes 2012; Bowe 2010) have underlined the lack of relevant cross-country research on the specific extent of SMEs’ internationalization. Governments’ policy results remain uncertain; from existing attempts, no consensus has been found. The actual impact of financial constraint on SMEs’ foreign market commitment is also challenging governments’ support legitimacy.

Accurately evaluating the role of public support is critical, as resources are only available in a limited amount for all firms, “the relative scarcity of the different kinds of resources in the economy as a whole affects the individual firm through the prices

³⁶ “Countries that have benefited the most [from globalization] have been those that took charge of their own destiny and recognized the role government can play in development rather than relying on the notion of the self-regulated market that would fix its own problems.” (Stiglitz, 2002, p. 248).

at which resources and finance can be obtained on the market” (Penrose, 1959, p. 190). This is especially more striking in the current glooming period in which states indebted and pressured to seek cost reduction might hasten to make arbitrary cuts in its domain of intervention where measuring financial return is difficult, or where performance data are not provided. Previous experience of downturn times (Stiglitz, 2002, p. 67) should nevertheless warn government against the temptation to resign or retire promptly from those businesses where its support seems to have a contradictory impact. Indeed, economic crisis reshape banking both at the global and regional levels, foreign lenders stop participating and funding is repatriated until a better time (The Economist, 2012). Any state withdrawal “without accompanying reforms [...] may actually make [things] worse”; this issue is known as “sequencing”³⁷ (Stiglitz, 2002, p. 74).

This essay’s main purpose is to enable contributions from IB theory to finance, especially regarding the impact of the finance ownership factor on firms’ international growth. Our paper has three parts. First, in the theoretical section, we develop five hypotheses, which we embed in the framework of the O-L-I model. Second, we present our method. Third, in the empirical part, we test our hypotheses generated from the theory through multiple linear regression models. We conclude by discussing the implications of our results, outlining our contributions, and suggesting future research directions.

³⁷ Sequencing errors occurs on the basic assumption that the free market would compensate (Stiglitz, 2002, p. 74–75).

2. Theory and hypotheses

2.1. *Determinants of internationalization*

A variety of different theoretical perspectives have been used to investigate SMEs' internationalization (Wright, Westhead, & Ucbasaran, 2007). Among traditional international business theories are the theory of industrial organization, the product life cycle (Chi & Liu, 2001), the transaction cost theory (Williamson, 1981, 2005), the Eclectic Paradigm or O-L-I model (Dunning, 1977, 1980, 1988b, 1988a, 1998), the resource-based view (Penrose 1959; Wernerfelt, 1984; Prahalad & Hamel 1990), the internalization theory, the stage theory—also called Uppsala model—, the UM, (Johanson & Vahlne, 1977, 2009) and the institution theory (Hessels & Terjesen, 2008). The most used theories in IB were the UM and the RBV. However, the UM stepwise process of internationalization was criticized for, among other reasons, not considering the globalized process of internationalization and for not being representative of BGs and INVs. The RBV overlooked the role of the firms' environment and the institutions (Wang, Hong, Kafouros, & Wright, 2012). These approaches also minimized the role of financial resources (Bowe et al., 2010).

The eclectic paradigm has been widely recognized as one of the preeminent theoretical paradigms within IB. Despite initially being intended to explain foreign direct investment, it provides a more comprehensive analysis of the internationalization of firms. It presents the advantage of encompassing different types of theories: the RBV, the institutional theory and the transaction costs theory (Brouthers & Hennart, 2007). It is a realistic and adaptable model, as not all dimensions of the OLI model need to be fulfilled for a firm to enter the foreign market; one type of advantage can compensate the others (Agarwal & Ramaswami, 1992). In addition, the OLI model was already applied to investigate SMEs' foreign entry mode choices (as mentioned in Brouthers & Hennart, 2007, p. 408; Nakos & Brouthers, 2002; Brouthers, Brouthers, & Werner, 1996) and internationalization (Whitelock & Munday, 1993). As Dunning wrote, "it is not a theory of the multinational enterprise per se, as its unit of analysis is the totality of firms engaged in foreign value adding activities" (1988, p. 39). These perspectives, however, offer little emphasis on the role of financial resources in the internationalization process.

The concept of ownership advantage encompasses the RBV, and the location advantage accounts for the environment of the firm's origin as well as the target destination. In addition, the concept of internalization considers the influence of the operation mode on the economic performance of a firm. The internalization concept was later extended to account for the market structure influence (Buckley & Casson, 1998). Recent IB research has suggested that financial strengths qualify as "ownership advantage" (Oxelheim et al. 2001, Forssbäck and Oxelheim 2008).

Therefore, we built on the multidisciplinary literature on IB research and finance. We present our research in the context of the O-L-I framework. We focused on the ownership-specific dimension as the independent variable, the international commitment as the dependent variable, and the two other location-specific and internalization-specific dimensions of the model were accounted for in the control variables. We distinguish between two ownership dimensions: the finance factor and the age advantage.

2.2. Finance ownership factor

In the O-L-I model, or the eclectic paradigm, financial strengths account for the finance ownership factor. “Capital structure of a firm [...] influences [its] diversification strategy” (Chatterjee, 1990; Chatterjee and Wernerfelt, 1991, in Kochhar, 1996, p. 713). Capital structure decisions are likely to affect a firm’s competitive position (Balakrishnan and Fox, 1993), as diverse types of financing will enable management’s flexibility of the lenders’ relationship. Thus, financing choices have the potential to affect performance by changing the level of governance costs.

In the literature on ex-ante financial constraints and internationalization selection, the liability of foreignness (Zaheer 1995) indicates that firms with superior resources will be more eager to internationalize, suggesting that there is a financial constraint associated with entry into the internationalization process due to the cost of tangible asset acquisition. Inversely, Almeida and Campello, (2007) suggested that more intangible assets were positively correlated with the probability of being financially unconstrained. Therefore, the acquisition of tangible assets is related to financial constraints for the firm.

In addition, the location advantage dimension affects the finance ownership factor. “Rajan and Zingales (1998) find that countries with better developed financial systems show superior growth in capital-intensive sectors that rely particularly heavily on external finance” (La Porta et al., 1998, p. 1152; Rajan and Zingales, 1998). Public financial support is one specific sort of indirect external financing, with the aim of promoting private sector lending (Green, 2003). Obtaining access to international sources of capital allows firms to overcome constraints associated with local markets (see Bowe, 2003, 2009; Desai, Foley, & Forbes, 2008; Oxelheim et al., 1998, 2001). This also goes in the same direction as the literature on the ex-post effects, which argues that export activities reduce the firms’ financial constraints (Bernard and Jensen 1999, Greenaway et al. 2007).

To summarize, earlier research suggests that financial constraints and access to external financing are critical issues for SMEs’ ability to maintain their employment

(Chodorow-Reich 2012)³⁸, extend their existing activities, and possibly become involved in foreign markets. The entrance into the process of internationalization is associated with higher tangible costs and seems to be correlated with financial constraints, which would be reduced with established international commitment. Accordingly, we hypothesize the following:

Hypothesis 1a: Financial constraints and SMEs' degree of internationalization are negatively correlated.

Hypothesis 1b: Tangible assets and SMEs' degree of internationalization are positively correlated.

Hypothesis 2a: External financing and SMEs' degree of internationalization are positively correlated.

Hypothesis 2b: Public financial support and SMEs' degree of internationalization are positively correlated.

2.3. *Age ownership advantage*

Previous studies have concluded that most small businesses do not want to grow (Hurst & Pugsley, 2011) or that accounting for firms' age, small firms³⁹ have a lower net growth rate than large firms⁴⁰; at the same time, however, young firms grow more rapidly than their more mature counterparts⁴¹ (Autio et al., 2000). Thus, we posit that regarding internationalization strategies, a distinction should be made between small and young firms. This distinction is also important for policy implications. Indeed, policies have focused their support on small firms based on the assumption of their role in the economy and weight in employment, but some recent studies indicate that it is not small firms that create jobs but young firms (Haltiwanger et al., 2013).

The ability of firms to overcome the liability of foreignness in host locations varies according to a firm's resources and ability to raise external funding. Indeed, commercial lenders find growth-oriented firms to be riskier, and their reluctance is reinforced by information asymmetries (Barnea et al., 1981). While liquidity constraint does not hinder the initiation of a small business (Hurst and Lusardi, 2004), it may prevent firms from starting at the level of scale they wish to operate at. Riding et al. (2010) demonstrated that growing young firms were more subject to

³⁸ The paper demonstrates that the contraction in credit availability has resulted in a decline in SMEs' employment in the US.

³⁹ Below 499 employees.

⁴⁰ With 10,000 or more employees.

⁴¹ Conditional on survival.

financing constraints than non-growing oriented firms⁴². The literature has also shown that liquidity constraints influence the survival of entrepreneurial ventures (Musso & Schiavo 2008; Holtz-Eakin et al. 1994). Alternatively, financially distressed firms appear to exhibit random behavior in their financial structure decisions, whereas non-distressed firms did not (Pindados et al. 2006), which could be the result of a more general lack of strategy. Some other studies concluded that younger growth firms may be able to secure the most attractive forms of financing (Birch et al. 1999, in Gregory et al. 2005). Like other firms, approximately 40% of startups' capital is made up of bank debt (Robb and Robinson 2012). This casts doubt on the actual financing gap for young firms and consequently challenges the growth cycle paradigm (Berger 1998) in which young firms at the beginning of their growth would rely exclusively on family and friends' money and would have a higher risk of being credit constrained than older counterparts (Winker 1999). To sum up, previous literature suggests that young firms would be able to attract external financing, and public indirect external financing due to the existence of a financial constraint gap from the formal financing sector. Consequently, we propose the following alternative:

Hypothesis 3a: Firms' age and degree of internationalization are negatively correlated.

Hypothesis 3b: Firms' age and probability of raising public financial support are negatively correlated.

⁴² Financing applications from growth firms are likelier to be rejected than loan applications from firms that are not seeking growth.

3. Methods

3.1. *Empirical context*

With a focus on a specific region (Rugman 2005, 2003; Eden 2005, as mentioned in Rugman, 2009, p. 615), this research process aims to provide a deeper understanding of the impact of public support on SMEs' internationalization on their ongoing, or subsequent decision to pursue, growth.

To build our sample, we used the EFIGE dataset, which was collected within the 7th European Framework Programme (in 2010). The program ranged across seven European countries (Austria, France, Germany, Hungary, Spain, and the United Kingdom). This database has the advantage of providing comparable firm-level data, since the same methodologies have been applied through the seven surveyed countries. Limiting our sample to European countries is relevant for the consistency of the present essay. Indeed, Europe is a natural environment for international exchanges and growth through the geographical proximity of its countries, the continuous development of integrated transport infrastructures, and the introduction of a single currency. In addition, public support of SMEs is an official political orientation of Europe (e.g., the launch of the Small Business Act) and a concrete target since 2008 (Honohan, 2010) in reaction to the economic crisis.

In addition, to limit cultural distance, we focus on three countries: France and Germany, both large open economies with a shared border to limit geographical distance impact on trade, enabling us to observe foreign language diversity impact. The comparison of Germany with Austria, which share a common language and enables the contrasting of the impacts of large and small market sizes.

According to the World's Bank calculations, the per capita income of Austria, Germany, and France in 2008 were US \$39,690, \$37,550, and \$34,640, respectively. Since panels of three countries have already been used in previous cross-country IB papers (Agarwal and Ramaswami, 1992; Hennart, 1998), the aggregated countries form our selected sample: Austria, France, and Germany, are diverse enough to enable critical preliminary observations.

3.2. *Sample*

Our sample is active in several industries in the manufacturing sector. According to the World Bank databases, the industry sector in 2008 represented 30.8%, 20.5%, and 29.7% of the GDPs of Austria, France, and Germany, respectively.

For anonymity reasons, these sectors were randomized when collected. The repartition of the firms across the 11 sectors is not the same for the three countries, but it is balanced (see Table 1).

Table 1: Cross tabulation of firms' frequencies split by countries and sectors

Sector	AUSTRIA	FRANCE	GERMANY	Total
1	26.30	17.30	13.90	16.20
2	5.30	4.00	5.00	4.60
3	7.00	11.00	7.40	9.00
4	21.10	14.20	10.70	12.90
5	1.80	2.30	7.70	4.90
6	0.00	6.80	5.00	5.40
7	1.80	2.80	1.70	2.20
8	5.30	3.10	2.20	2.80
9	0.00	0.00	0.20	0.10
10	17.50	24.60	23.30	23.50
11	14.00	13.90	22.80	18.30
Total	100.00	100.00	100.00	100.00

N=813

The full EFIGE database⁴³ contained 14,459 firms, among which were 6,351 firms within the three countries selected: 443 Austrian firms, 2,973 French firms, and 2,935 German firms, from which we retained only the SMEs⁴⁴, which amounted to 804 firms. Nevertheless, as we are interested in observing the effect of age, we also included “young” firms. We therefore added 19 more firms younger than six years but not considered SMEs according to the European definition, that is, with more than 249 employees and, or more than €50 million turnover. Therefore, our final working sample contained 823 firms, which represented 13% of the manufacturing firms listed on the initial subpanel for the three countries.

The sample cumulated distribution is as follows: 10% of firms were young (below six years of existence), 25% were mature (below 20 years) and 65% of firms were older (above 20 years), as summarized in Table 2. Break-downed by countries, we noticed that France has a lower percentage of young firms (5% against 11%) than its two counterparts. To determine whether this statistic was significant, we wanted to compare our sample to a national source of data or, alternatively, to data from the Eurostat or the World Bank; however, we found no relevant data. The Eurostat has a classification by size per number of employees. We found similar limitations when looking at the national statistics of France (INSEE).

⁴³ EFIGE stands for “European Firms in the Global Economy,” a project financed by the Seventh Framework Programme of the European Union, which ended in August 2012. For more information, visit www.efige.org.

⁴⁴ According to the European definition of SMEs, firms with less than 250 employees and up to 50 million in turnover.

Table 2: Cross tabulation of firms' frequencies split by country & age

Age	AUSTRIA	FRANCE	GERMANY	Total
<6	10.50	4.00	11.70	8.20
<20	26.30	20.40	31.50	26.30
>20	63.20	75.60	56.80	65.40
Total	100.00	100.00	100.00	100.00

N=813

3.3. Variables

3.3.1. Dependent variable: Degree of internationalization

Internationalization performance in the IB literature has often been measured in a restricted manner, with one single finance indicator overlooking its multidimensionality (Hult et al. 2008). To address this limitation, we tested international performance using a multilevel construct encompassing financial, operational, and other overall aspects pertaining to the internationalization process. Following Sullivan's (1994) paper, we constructed a composite scale indicator to measure the degree of internationalization [DOI] of the firms⁴⁵ to fulfill the three attributes (Sullivan 1994, p. 331) of a DOI measurement: performance, structural variable of internationalization, and attitudinal attributes. Like Sullivan, we used five variables: for the performance, we used foreign sales as a percentage of turnover; for the structural dimension, we included the number of foreign affiliates as a percentage of the maximum number of subsidiaries affiliated to a firm from our sample; and we used a dummy to account for foreign assets (with one if the firm had foreign direct investment, zero otherwise). As for the structural variable, we included the managers' international experience (a dummy with one if he had some experience abroad and zero otherwise) and the psychic dispersion of the international operations of the firm. For this last variable, we accounted for the role of host institutions (Hennart, 1998). The influence of institutions and institutional distance (Kostova, 1999; Kostova & Zaheer, 1999) as determinants in the structure and behavior of firms has been extensively studied in the literature (DiMaggio & Powell, 1983; Acs

⁴⁵ According to Sullivan's (1994) paper, the degree of internationalization is represented through the following calculation: $DOI = FSTS + FATA + OSTs + PDIO + TMIE$; where FSTS refers to foreign sales as a % of total sales; FATA: foreign assets as a percentage of total assets; OSTs: overseas subsidiaries as a % of total subsidiaries; PDIO: psychic dispersion of international operations; TMIE: top managers' international experience. Each component is a ratio that can take a value between 0 and 1.

et al., 1997; Hennart, 1998; Cantwell et al., 2010); it has also been reviewed in entry strategies studies (Xu & Shenkar, 2002) into emerging markets (Khanna et al., 2005)⁴⁶. “Institutional voids,” the absence of specialized intermediaries, regulatory systems, and contract-enforcing mechanisms in emerging markets, hampers the international development of firms, and as such, soft infrastructures are often weak or absent in emerging markets, making it easier for firms seeking foreign countries entry to prefer hosts with high levels of soft infrastructures. This view echoes Goodnow and Hansz’s (1971) classification of countries into “hot,” “moderate,” and “cold” countries. Accordingly, to measure the psychic dispersion, we used the percentage of cold countries’ export destinations out of the three main destinations indicated by the firm (the main destination was theoretically set as accounting for 51% for the first destination, 26% for the second, and 23% for the third). The 28 members of the European Union were included in the “cold countries” classification, in addition to Norway, Iceland, Switzerland, Liechtenstein, Monaco, Vatican City, Andorra, the USA, Canada, Australia, New Zealand, Japan, and Singapore.

The final composite indicator for DOI, following Sullivan’s (1994) method of calculation, is a five-point scale. The firms’ scores in our sample ranked from zero to 3.31. These are in line with Sullivan’s study (1994) in which firms were ranked from 0.54 to 3.13; our range is broader, which is explained by our larger sample of 813⁴⁷ firms versus 74.

Alternatively, we controlled for the accuracy of our SA index, replacing it with *foreign sales as a percentage of total turnover*⁴⁸ [FOR_SALES_P], which is a common measure of DOI as quoted by Sullivan (1994) and preferred indicator for Autio et al. (2000), although they were aware of Sullivan’s paper on the SA index.

3.3.2. Independent variables

3.3.2.1 Main independent variables

In the literature, the lack of consensus on the measure of *financial constraint* (Silva, 2011) led us to rely on several indicators. We first used a survey dummy variable [FI_CONS], as described in Table 3, with a value of 1 when firms thought they were financially constrained and 0 otherwise. As this survey measure is rather subjective, we supplementarily calculated an objective proxy [SA_IND]: the Size and Age [SA]

⁴⁶ For a broader review of papers on institutions in the context of emerging economies, see Peng et al., 2008, 922–936.

⁴⁷ After the outliers were removed; see below.

⁴⁸ Whereas foreign sales out of total sales may have been commonly used, we preferred to use turnover, as it a more comprehensive measure of the total revenues a firm obtains from its normal business activity.

index⁴⁹ (Hadlock & Pierce, 2010). Hadlock and Pierce's paper (2010) demonstrated that size and age were the only robust measures of financial constraints and "uncover[ed] a quadratic relation between size and constraints and a linear relation between age and constraints" (p. 1912). Accordingly, we used the same method to calculate an SA index for our sample, with size measured by the number of employees instead of the "asset book," as used in the initial paper. Our justification for this adaptation is found in the official use by the European Union of the number of employees (Article 2 of the Annex of Recommendation 2003/361/EC) as a measure of size and the fact that the asset book only accounts for tangible assets, whereas intangible assets make the value difference; furthermore, human assets are one of the most valuable and durable resources (Kotha et al. 2001, Hall 1992, 1993)—resources that firms expects the most from and are the least accounted for (Srivastava et al., 1998).

We used *tangible assets* [LN_TANGIBL] proxied by the natural logarithm of the overall number of investments in plants, machines, equipment, and ICT of firms between 2007–2009 as alternative independent variables for the level of financial constraint.

In addition, we used two dummy variables to account for the granting of *external financing* [EXT_FI] with a value of 1 when firms answered they had some external financing in 2008–2009 and 0 otherwise, and for *public financial incentives or funds* [PUB_SUPP], the value of 1 was assigned when firms received some financial public support in 2008–2009 and 0 otherwise.

Finally, for *age* [AGE] initially measured by a categorical variable: below 6 years, below 20 years and above 20 years, for convenience reason we transformed it into an ordinal variable using the minimum of each category instead: i.e., 1, 6, and 20 years.

3.3.2.1 Control variables

We controlled for six variables due to their possible impact on growth or increases in international commitment. The role of host institutions in determining the attractiveness of a foreign country is mitigated by a firm's *foreign experience* [LEVEL_EXP] (Guler and Guillén, 2009). Indeed, as a firm accumulates international experience, it learns to overcome institutional constraints, and the effect

⁴⁹ Following Hadlock and Pierce [H&P] (2010), the SA index is calculated as: $(-0.737 * \text{Size}) + (0.043 * \text{Size}^2) - (0.040 * \text{Age})$, where size is the log of firms' number of employees, and age is the number of years of existence of the firm. We obtained an SA index that ranged from -1.560 to -3.553 and with a median value of -2.744. In comparison H&P's values ranged from -1.483 to -3.678.

of institutions becomes smaller in size. Hence, we created a three-point scale to control for a firm's level of international experience, with one for export activity before 2004, 2 if the firm had any foreign production through contract agreements or FDI before 2004, and 0 if it had none.

As already mentioned, the proportion of intangible assets has been described as positively influencing growth (Claessens & Laeven, 2003) and export rate (Hur et al., 2006). We used a dummy variable to account for the impact of *intellectual property right protection* [IP_PROTECT] alone, with a value of 1 if the firm had any intellectual property protection in 2009 and 0 otherwise. Additionally, we used the natural logarithm of the R&D investment amount over 2007–2009 as a proxy for the natural logarithm of the *total share of intangible assets* [LN_INTANG].

Size [LN_SIZE] proxied by the natural logarithm of the number of employees' number was included as a control variable, as the literature has shown its impact on the DOI (Calof, 1993, 1994; Shinkle & Kriauciunas, 2009).

Competition has been shown to have a potential impact on firms' decision to internationalize (Wiersema & Bowen, 2008); thus, we accounted for both competition in the home country [COMPE_HOM] and abroad [COMPE_ABR] using two dummy variables.

Finally, regarding the role of *country of origin* [COUN], IB research papers have highlighted that firms from small countries are more international oriented and have a longer experience in foreign markets (Jones, 1996, in De Maeseneire & Claeys, 2012, p. 410). This has been explained by the rapid saturation of the domestic market coverage; a firm that is willing to grow has three options to diversify through new products or industry or to consider international growth (Luostarinen, 1979, p. 66). Alternatively, in large open economies, firms can use large domestic markets to benefit from economies of scale and have less incentive to growth. Therefore, we accounted for the influence of the country of origin by splitting our sample and calculating the associated DOI per respective country.

3.4. Model specifications

Prior to conducting an inferential statistical procedure to address the research questions previously delineated, checks of the normality of the data were conducted by looking at the histogram and QQ-plot and running the Shapiro–Wilk test. A p value of less than .05, rejecting the null hypothesis, indicated a case in which the data were not normally distributed. Accordingly, a nonparametric analysis of variance (ANOVA) procedure was used. We ran both the Brown–Forsythe test (using the median rather than the trimmed mean, as it has been shown to work best when data were skewed [Brown & Forsythe, 1974]), and the non-parametric Levene's test, using ranks (Friedman, 1937), because it is the most robust with non-

normally distributed data (Nordstokke & Zumbo, 2010) and samples of unequal size. Where we found homoscedasticity, we performed the extension of the Mann–Whitney U test, the Kruskal–Wallis test, to compare the DOI between the three countries. An examination of the scatterplots (not presented) suggested the presence of linearity for the respective variables. The presence of linearity permitted the use of correlation coefficients. As the variables were not normally distributed, neither taken individually nor grouped as bivariables, we could not use the Pearson correlation nor the point biserial correlation. Accordingly, we calculated the rank correlation (Spearman, 1904) for ordinal variables.

To test our hypotheses, we employed two modeling approaches. The multiple linear regression model was used to determine a possible association between DOI or foreign sales and the independent variables in Hypotheses 1–4. The binary logistic regression was used to associate the dichotomous dependent variable public support with the age of firms.

4. Analysis and results

4.1. Descriptive statistics

We first ran a complete set of tests with the raw data of 823 firms to obtain a reference sample. Then, we looked for outliers in the DOI through visual analysis using boxplots and statistically with the results for skewness and kurtosis. Accordingly, the sample was outliers-trimmed, and 10 firms were removed, decreasing the total sample to 813. We then ran the tests again. Subsequently, extreme skewness and kurtosis were corrected, and values became acceptable except for the tangible and intangible investments as well as size; therefore, we used the natural logarithm instead. In this essay, we have only reproduced the results of the truncated sample.

Sample sizes, means, medians, standard deviations, and variances, among others, pertaining to the variables of interest (i.e., DOI and foreign sales of financially constrained firms and firms that were not constrained, external financing and its absence, and public support and its absence) for the year 2008–2009 are presented in Table 3 below.

Table 3: Description of the variables.

Variables	Mean	Median	Std. Dev.	Skewness	Kurtosis	N
<i>Dependent variable</i>						
DOI	.93	.91	.73	.66	-.23	813
FOR_SALES_P (%)	31.70	25.00	24.91	.75	-.47	792
<i>Independent variable</i>						
Fi_CONS (dummy)	.36	.0	.48	.57	-1.67	813
SA_IND	-2.71	-2.74	.43	.23	-.62	813
EXT_FI (dummy)	.32	.0	.46	.76	-1.42	813
LN_TANGIBL	-.36	-.28	1.39	.08	.81	799
PUB_SUPP (dummy)	.33	.0	.47	.72	-1.47	813
AGE	14.75	20.	7.33	-.75	-1.27	813
<i>Control variable</i>						
LEVEL_EXP	1.94	2.	.42	-.34	2.42	813
IP_PROTECT (dummy)	.48	.0	.50	.04	-.2.	813
LN_INTANG	-.68	-.69	1.36	.04	.35	797
LN_SIZE	3.74	3.63	.84	.56	-.15	813
COMPE_HOM (dummy)	.75	1.	.43	-1.18	-.58	813
COMPE_ABR (dummy)	.74	1.	.43	-1.12	-.72	813

The 813 firms in the sample existed on average for more than 20 years and had 63 employees, a turnover of €23.46 million (average turnover per employee of €285,000), including €7.61 million in exports (an export intensity of 34%), €2.32 million in tangible investments (tangible investments intensity of 10%) and €1.35 million in R&D investments (R&D investment intensity of 5.75%). The firms experienced an 8% turnover reduction over the period 2008–2009.

They exported to 15 different countries on average, and their exports were primarily directed to the European Union (72.4%) and countries with a high level of soft infrastructures (81.5%). The average psychic dispersion⁵⁰, expressed as the percentage of cold countries (Goodnow and Hansz, 1971) export destinations out of the three main destinations indicated by the firm, was 16.8%. The three main countries as for the first export destinations indicated by the firms (see Figures A, B, and C in the appendixes) were Germany, Austria, and France; for the second export destinations, Switzerland, Italy, and France; and for the third export destinations, Switzerland, the United Kingdom, and Italy. The fact that most firms exported to their direct next-door neighbors suggests that within Europe, language might not stand as a barrier to export activities, while geographical proximity seems to be decisive for exports.

On average, the 823 firms reached a 0.93 DOI score out of five, with a minimum of zero and a maximum of 3.31, which meant that, on average, firms were exporting the least in the years 2008–2009. As for their level of international experience, before 2004, there were 97 firms (12%) with no international involvement. In 2008–2009, this number fell to only 21 (2.6%); hence, in our sample, a large majority of firms were involved in international activities.

The descriptive statistics per country (Tables A, B, and C in the appendixes) suggest that Austrian firms would be more internationalized on average (median DOI = 1.090 versus 0.650 and 1.050 for France and Germany, respectively) and less internationalized overall (maximum DOI = 2.631 versus 2.813 and 3.311). To assess the role of country of origin in the variations of the degree of internationalization, we compared these three countries using the Kruskal–Wallis test, after controlling for homogeneity of variances. We concluded in the sense of homoscedasticity for our data that the results of the Brown–Forsythe test were weakly significant ($p < 0.1$), and the non-parametric Levene’s test was non-significant ($p > 0.1$), as this second test was more robust. The results of the Kruskal–Wallis analysis, corrected for tied ranks, indicate that there is a significant difference in the medians, $\chi^2(2, N = 813) = 19.81, p < 0.001$. Nevertheless, the proportion of variability in the ranked dependent variable accounted for by the country variable was 0.02, indicating a very

⁵⁰ See above in the definition of the dependent variable.

weak relationship between DOI and changes in the country. Follow-up tests were conducted to evaluate pairwise differences among the three groups⁵¹. The results of these tests indicated a significant difference between the Austrian firms' group and the French firms' group, $\chi^2(1, N = 410) = 7.75, p < 0.1$, and between French firms and German firms, $\chi^2(1, N = 756) = 16.87, p < 0.001$. However, there was no significant difference between the Austrian firms' group and the German firms' group, $\chi^2(1, N = 460) = 0.54, p > 0.1$. These weak results imply that the country of origin has a very weak impact (about 2%), if any, on the DOI, suggesting that the three countries we selected are rather homogeneous and comparable.

Table 4 summarizes the Spearman correlations. Because of the high correlations between independent variables (particularly in SA_IND, AGE, and LN_SIZE), we estimated the inferential statistics models using different combinations of variables to avoid multicollinearity effects.

⁵¹ We extrapolated Rogan's study (1979), which demonstrated that a one-way ANOVA with four means or fewer can be performed with follow-up tests without making any Bonferroni corrections.

Table 4: Correlations.

	1	2	3	4	5	6	7	8	9	10	11	12	13
1-DOI													
2-FOR_SALES_P	.55**												
3-Fi_CONS	-.07*	-.03											
4-SA_IND	-.12**	-.03	.03										
5-EXT_FI	-.05	-.10**	.14**	-.05									
6-LN_TANGIBL	.19**	.09**	-.15**	-.33**	.0								
7-PUB_SUPP	.01	.06	.08*	.08*	.05	.02							
8-AGE	-.09*	-.09**	.04	-.63**	.0	-.06†	-.11**						
9-LEVEL_EXP	.11**	.06†	-.03	-.14**	.04	.01	-.02	.18**					
10-IP_PROTECT	.13**	.08*	-.03	-.13**	.02	.12**	.04	.0	.05				
11-LN_INTANG	.30**	.19**	-.11**	-.29**	-.03	.62**	.06†	-.07*	.02	.21**			
12-LN_SIZE	.23**	.11**	-.07*	-.75**	.08*	.47**	.0	.0	.06†	.17**	.44**		
13-COMPE_HOM	-.18**	-.28**	-.04	-.01	.03	.02	-.06*	.02	.0	-.02	-.05	.0	
14-COMPE_ABR	.15**	.20**	.08*	-.01	.02	-.02	.03	.0	.02	.03	.02	.0	-.32**

† $p \leq 0.10$; * $p \leq 0.05$; ** $p \leq 0.01$ (2-tailed)

The control variables are in italics, and all are correlated significantly with the DOI and the foreign sales as percentage of the turnover. Nevertheless, regarding the level of experience, once we added a second control variable in the multiple linear regression model, the p value increased and became non-significant; this was the case for all combinations, and the p value continued to increase the more control variables we added. This suggests that, controlling for other variables, the level of experience had no impact on the DOI of a firm⁵². Another explanation for the lack of significance might be the rather homogeneous composition of our sample. Indeed, looking at the frequencies, a large majority of firms (81.8%) were in the second category of experience, i.e. they were already exporting before 2004; the two remaining categories accounted for 6.3% of firms with foreign production through contract agreements or FDI and 11.9% with no foreign experience. Therefore, the control variable for the level of experience (see Table 5) was left out in the rest of our analysis.

⁵² This finding is consistent with the work of Autio et al. (2000) and Eriksson et al. (1997).

Table 5: Level of experience frequencies split by country

Level_exp	AUSTRIA	FRANCE	GERMANY	Total
0	8.80	12.20	12.20	11.90
Exports	82.50	81.00	82.40	81.80
FCA/FDI	8.80	6.80	5.50	6.30
Total	100.00	100.00	100.00	100.00

N=813

Note: FCA stands for Foreign Contract Agreement.

4.2. Testing the hypotheses

Models A1 to A24 in Tables 6 and 7 show the estimated linear coefficients for the DOI model. Models B1 to B24 in Tables 8 and 9 show the estimated linear coefficients for the model using foreign sales instead of the DOI.

4.2.1. Finance ownership factor

4.2.1.1. Financing constraints and tangible assets

Hypothesis 1a is supported by models A2, A8–11 and A21, 22, 24; the financial constraint is negatively related to the degree of internationalization; nevertheless, it is significant only for the DOI model ($p < 0.05$ and $p < 0.10$), suggesting that the proxy is a better measure of the degree of internationalization of a firm than foreign sales alone when testing for financial constraints. This result implies that firms were initially financially constrained, which prevented them from attaining a higher DOI or [and] that a higher degree of internationalization would imply subsequent financial constraints for the firm.

Hypothesis 1b was not supported. The coefficients associated with tangible assets are not significant ($p > 0.10$) in any of the 20 models, suggesting that tangible assets do not explain variations in the degree of internationalization.

4.2.1.2. External financing and public financial support

These findings support Hypothesis 2a, but with the inverse sign; external financing is negatively correlated with the DOI in both models: A3, A12 to A14 ($p < 0.10$) and B3, B8, B12, B14, B21–24 ($p < 0.01$). It is significantly stronger for the foreign sales models suggesting that this latter is a better measure of the degree of internationalization of a firm than the proxy when testing for the external financing impact. This result proposes that firms using external financing would target a lower degree of internationalization or that higher international commitment induces

additional financial resources, exceeding the firms' available cash flow. Thus, either the use of external financing has a negative impact on the degree of internationalization or [and] the available external financing is not sufficient to enable firms to develop at the level they would expect to.

Hypothesis 2b was not supported. The coefficients associated with public support are not significant ($p > 0.10$) in any of the 18 models, suggesting that public support is not related to the degree of internationalization.

4.2.2. Age ownership advantage

4.2.2.1. Age, degree of internationalization, and probability of raising public financial support

Models A6, A11, A14, A17, A19, and B6, B11, B14, B17, and B23 support hypothesis 3a ($p < 0.01$); age is negatively related to the degree of internationalization. This result infers that either the younger firms have better capacities in terms of, for instance, flexibility, rapid adaptability to reach a higher DOI, and perhaps a higher urge to develop their activity. Alternatively, older firms may have already been strongly established in some markets and are thus less eager to take additional international risks.

Models C1 to C5 in Table 10 show the estimated odds ratios for the public financial support model.

A binary logistic regression analysis was conducted to predict public financial granting using the age of firms as a predictor (C1). Alternatively, we proposed four models (C2–5) that control for the potential impacts of other possible predicting variables, such as size, level of experience of the firms, tangible, and intangible assets.

All tests of the full models against the constant-only model were statistically significant ($p < 0.01$). Nagelkerke's R^2 of 0.02 indicated a very weak relationship between prediction and grouping. The Wald criterion demonstrated that only age made a significant contribution to prediction ($p < 0.01$). None of the other variables were significant predictors ($p > 0.01$). The $EXP(B)$ value indicates that when firms' age is raised by one unit, the odds ratio is 0.96 times as large; therefore, firms are 3% less likely to receive public financial support, weakly supporting our fifth hypothesis that age is negatively correlated with the probability of raising public financial support. This result suggests that either younger firms would have a better knowledge of the existence of such public supports for internationalization projects and subsequently are more numerous to apply, or [and] that the public formal institutions are well performing the selection process and effectively attributing the financial resources to the younger firms most eager to internationalize.

Tables 6 and 7: Models of DOI estimates.

DEGREE OF INTERNATIONALIZATION [DOI]

Multiple linear regression model

Variable	Model A1	Model A2	Model A3	Model A4	Model A5	Model A6	Model A7	Model A8	Model A9	Model A10	Model A11	Model A12
FI_CONS	—	-0.111* (0.051)	—	—	—	—	-0.100* (0.052)	-0.100* (0.052)	-0.105* (0.052)	-0.109* (0.034)	-0.105* (0.051)	—
EXT_FI	—	—	-0.089† (0.052)	—	—	—	—	-0.074 (0.053)	—	—	—	-0.091† (0.053)
LN_TANGIBL_IT	—	—	—	0.011 (0.025)	—	—	—	—	0.006 (0.025)	—	—	0.012 (0.025)
PUB_SUPP	—	—	—	—	-0.029 (0.052)	—	—	—	—	-0.019 (0.052)	—	—
AGE	—	—	—	—	—	-0.010** (0.003)	—	—	—	—	-0.010** (0.003)	—
SA_IND	—	—	—	—	—	—	-0.026 (0.059)	—	—	—	—	—
Constant	0.559** (0.155)	0.598** (0.156)	0.555** (0.155)	0.598** (0.161)	0.571** (0.157)	0.680** (0.157)	0.680** (0.160)	0.591** (0.156)	0.628** (0.161)	0.606** (0.157)	0.714** (0.160)	0.594** (0.160)
LN_INTANG_IT	0.105** (0.021)	0.101** (0.021)	0.102** (0.021)	0.095** (0.025)	0.105** (0.021)	0.099** (0.021)	0.139** (0.019)	0.098** (0.021)	0.094** (0.025)	0.101** (0.021)	0.095** (0.021)	0.091** (0.025)
COMPETI_HOM	-0.247** (0.06)	-0.249** (0.060)	-0.243** (0.060)	-0.244** (0.061)	-0.249** (0.060)	-0.242* (0.060)	-0.239** (0.061)	-0.246** (0.060)	-0.246** (0.060)	-0.250** (0.060)	-0.244** (0.060)	-0.241** (0.061)
LN_SIZE	0.126** (0.035)	0.124** (0.035)	0.132** (0.035)	0.116** (0.036)	0.125** (0.035)	0.130** (0.034)	—	0.130** (0.035)	0.116** (0.036)	0.124** (0.035)	0.128** (0.034)	0.123** (0.036)
COMPETI_ABR	0.153** (0.059)	0.162** (0.059)	0.157** (0.059)	0.148* (0.060)	0.153** (0.059)	0.158** (0.059)	—	0.164** (0.059)	0.156** (0.060)	0.162** (0.059)	0.167** (0.005)	0.152* (0.060)
IP_PROTECT	0.105* (0.050)	0.104* (0.050)	0.106* (0.050)	0.109* (0.050)	0.106* (0.050)	0.106* (0.050)	0.119* (0.050)	0.105* (0.050)	0.108* (0.050)	0.105* (0.050)	0.106* (0.050)	0.111* (0.050)
Higher VIF	1.365	1.377	1.375	1.397	1.369	1.379	1.144	1.384	1.959	1.382	1.389	1.971
R-squared	0.14	0.145	0.143	0.133	0.141	0.15	0.126	0.148	0.137	0.146	0.154	0.136

T p ≤ 0.10; * p ≤ 0.05; ** p ≤ 0.01 (2-tailed)

Note: standard errors are in parentheses; tests are two-tailed

DEGREE OF INTERNATIONALIZATION [DOI]

Multiple linear regression model

Variable	Model A13	Model A14	Model A15	Model A16	Model A17	Model A18	Model A19	Model A20	Model A21	Model A22	Model A23	Model A24
FI_CONS	—	—	—	—	—	—	—	—	-0.093† (0.052)	-0.092† (0.053)	-0.085 (0.052)	-0.094† (0.053)
EXT_FI	-0.088† (0.053)	-0.091† (0.052)	-0.069 (0.053)	—	—	—	—	—	-0.076 (0.054)	-0.075 (0.054)	-0.076 (0.053)	-0.056 (0.054)
LN_TANGIBL_IT	—	—	—	0.011 (0.025)	0.011 (0.025)	0.033 (0.025)	—	—	0.008 (0.025)	0.008 (0.025)	0.008 (0.025)	0.029 (0.025)
PUB_SUPP	-0.023 (0.052)	—	—	-0.031 (0.053)	—	—	-0.047 (0.052)	-0.031 (0.053)	—	-0.018 (0.053)	-0.039 (0.053)	-0.022 (0.053)
AGE	—	-0.010** (0.003)	—	—	-0.010** (0.003)	—	-0.010** (0.003)	—	—	—	-0.010 (0.003)	—
SA_IND	—	—	-0.032 (0.059)	—	—	-0.001 (0.061)	—	-0.022 (0.059)	—	—	—	-0.007 (0.061)
Constant	0.565** (0.157)	0.676** (0.159)	0.966** (0.180)	0.612** (0.162)	0.724** (0.165)	1.035** (0.185)	0.705** (0.162)	0.987** (0.184)	0.621** (0.161)	0.629** (0.162)	0.763** (0.168)	1.070** (0.188)
LN_INTANG_IT	0.102** (0.021)	0.096** (0.021)	0.138** (0.019)	0.096** (0.025)	0.089** (0.025)	0.114** (0.025)	0.099** (0.021)	0.140** (0.019)	0.091** (0.025)	0.091** (0.025)	0.086** (0.025)	0.112** (0.025)
COMPETI_HOM	-0.244** (0.060)	-0.238** (0.060)	-0.236** (0.061)	-0.247** (0.061)	-0.240** (0.060)	-0.239** (0.061)	-0.245** (0.060)	-0.241** (0.061)	-0.243** (0.060)	-0.244** (0.061)	-0.241** (0.06)	-0.240** (0.061)
LN_SIZE	0.132** (0.035)	0.136** (0.035)	—	0.116** (0.036)	0.120** (0.036)	—	0.129** (0.034)	—	0.122** (0.036)	0.122** (0.036)	0.125** (0.036)	—
COMPETI_ABR	0.157** (0.059)	0.162** (0.059)	0.157** (0.060)	0.148* (0.060)	0.154** (0.060)	0.152* (0.060)	0.158** (0.059)	0.154** (0.060)	0.159** (0.060)	0.159** (0.060)	0.164** (0.060)	0.162** (0.060)
IP_PROTECT	0.107* (0.050)	0.108* (0.050)	0.121* (0.050)	0.110* (0.051)	0.110* (0.050)	0.123* (0.051)	0.108* (0.050)	0.121* (0.050)	0.109* (0.050)	0.109* (0.050)	0.111* (0.050)	0.124* (0.051)
Higher VIF	1.38	1.388	1.147	1.962	1.969	1.871	1.381	1.15	1.971	1.977	1.987	1.896
R-squared	0.144	0.153	0.128	0.133	0.143	0.121	0.15	0.127	0.14	0.14	0.15	0.127

T p ≤ 0.10; * p ≤ 0.05; ** p ≤ 0.01 (2-tailed)

Note: standard errors are in parentheses; tests are two-tailed

Tables 8 and 9: Models of foreign sales (%) estimates

Variable	FOREIGN SALES % [FOR_SALES_P]													
	Multiple linear regression model													
	Model B1	Model B2	Model B3	Model B4	Model B5	Model B6	Model B7	Model B8	Model B9	Model B10	Model B11	Model B12	Model B13	Model B14
FI_CONS	-	-1.50 (1.76)	-	-	-	-	-	-0.77 (1.77)	-1.70 (1.76)	-1.71 (1.76)	-1.30 (1.75)	-	-	-
EXT_FI	-	-	-4.85** (1.78)	-	-	-	-	-4.73** (1.81)	-	-	-	-4.89** (1.78)	-	-
LN_TANGIBL_IT	-	-	-	-0.48 (0.82)	-	-	-	-	-0.56 (0.83)	-	-	-	-	-0.36 (0.82)
PUB_SUPP	-	-	-	-	2.57 (1.79)	-	-	-	-	2.70 (1.79)	-	-	-	-
AGE	-	-	-	-	-	-0.345** (0.11)	-	-	-	-	-0.342** (0.11)	-	-	-
SA_IND	-	-	-	-	-	-	3.525† (2.01)	-	-	-	-	-	-	-
Constant	40.14** (2.67)	40.56** (2.75)	41.36** (2.68)	40.43** (2.67)	39.14** (2.75)	44.90** (3.10)	49.78** (6.11)	41.54** (2.73)	40.91** (2.71)	39.56** (2.79)	45.22** (3.13)	41.66** (2.69)	-	-
COMPETL_HOM	-14.68** (2.05)	-14.71** (2.05)	-14.46** (2.04)	-14.86** (2.05)	-14.48** (2.05)	-14.47** (2.04)	-14.53** (2.05)	-14.48** (2.05)	-14.88** (2.05)	-14.50** (2.05)	-14.49** (2.04)	-14.65** (2.05)	-	-
LN_INTANG_IT	2.82** (0.62)	2.75** (0.62)	2.77** (0.61)	3.19** (0.83)	2.78** (0.62)	2.68** (0.62)	3.17** (0.65)	2.74** (0.62)	3.17** (0.83)	2.70** (0.62)	2.62** (0.62)	3.06** (0.83)	-	-
COMPETL_ABR	5.94** (2.04)	6.07** (2.05)	6.14** (2.04)	5.88** (2.04)	5.91** (2.04)	6.16** (2.03)	6.03** (2.04)	6.20** (2.04)	6.03** (2.05)	6.07** (2.05)	6.28** (2.04)	6.10** (2.03)	-	-
Higher VIF	1.129	1.134	1.131	1.801	1.134	1.13	1.131	1.135	1.814	1.134	1.135	1.807	-	-
R-squared	0.122	0.123	0.13	0.125	0.124	0.132	0.125	0.13	0.126	0.125	0.132	0.134	-	-

† p ≤ 0.10; * p ≤ 0.05; ** p ≤ 0.01 (2-tailed)

Note: standard errors are in parentheses; tests are two-tailed

Variable	FOREIGN SALES % [FOR_SALES_P]													
	Multiple linear regression model													
	Model B13	Model B14	Model B15	Model B16	Model B17	Model B18	Model B19	Model B20	Model B21	Model B22	Model B23	Model B24	Model B25	Model B26
FI_CONS	-	-	-	-	-	-	-	-	-0.94 (1.78)	-1.14 (1.78)	-0.89 (1.78)	-1.07 (1.78)	-	-
EXT_FI	-5.03 (1.78)	-4.859** (1.77)	3.07 (0.12)	-	-	-	-	-	-4.73** (1.81)	-4.87** (1.81)	-4.88** (1.80)	-4.67** (1.81)	-	-
LN_TANGIBL_IT	-	-	-	-0.474 (0.82)	-0.468 (0.82)	-0.200 (0.84)	-	-	-0.40 (0.83)	-0.40 (0.82)	-0.37 (0.82)	-0.17 (0.84)	-	-
PUB_SUPP	2.87 (1.78)	-	-	2.448 (1.79)	-	-	1.970 (1.79)	2.288 (1.79)	-	2.83 (1.79)	2.17 (1.79)	2.56 (1.80)	-	-
AGE	-	-0.346** (0.11)	-	-	-0.362** (0.11)	-	-0.330 (0.11)	-	-	-	-0.34** (0.11)	-	-	-
SA_IND	-	-	-4.617** (1.79)	-	-	3.683† (2.04)	-	3.277 (2.01)	-	-	-	2.94 (2.05)	-	-
Constant	40.28** (2.77)	46.12** (3.12)	49.70** (6.08)	39.47** (2.75)	45.44** (3.10)	50.51** (6.20)	43.92** (3.23)	48.21** (6.23)	41.89** (2.73)	40.86** (2.80)	45.80** (3.26)	48.95** (6.30)	-	-
COMPETL_HOM	-14.23** (2.05)	-14.24** (2.04)	-14.34** (2.04)	-14.67** (2.06)	-14.66** (2.04)	-14.75** (2.05)	-14.32** (2.05)	-14.37** (2.05)	-14.67** (2.05)	-14.45** (2.05)	-14.30** (2.04)	-14.39** (2.05)	-	-
LN_INTANG_IT	2.72 (0.62)	2.63** (0.61)	3.08** (0.65)	3.14** (0.83)	3.04** (0.82)	3.38** (0.83)	2.65** (0.62)	3.11** (0.65)	3.05** (0.83)	2.99** (0.83)	2.86** (0.82)	3.14** (0.83)	-	-
COMPETL_ABR	6.12** (2.03)	6.36** (2.03)	6.21** (2.03)	5.86** (2.04)	6.12** (2.03)	6.01** (2.04)	6.13** (2.03)	6.00** (2.03)	6.17** (2.04)	6.17** (2.04)	6.38** (2.03)	6.26** (2.04)	-	-
Higher VIF	1.136	1.132	1.133	1.804	1.807	1.864	1.135	1.136	1.823	1.823	1.823	1.888	-	-
R-squared	0.133	0.14	0.133	0.127	0.136	0.129	0.133	0.127	0.134	0.137	0.146	0.139	-	-

† p ≤ 0.10; * p ≤ 0.05; ** p ≤ 0.01 (2-tailed)

Note: standard errors are in parentheses; tests are two-tailed

Table 10: Public financial support.

PUBLIC FINANCIAL SUPPORT							
Binary logistic regression model							
Variable	B	S.E.	Wald	Df	Sig.	Exp(B)	Nagelkerke R ²
Model C1							
AGE	-0.036	0.010	12.573	1	0.000	0.965	0.021
Constant	-0.171	0.164	1.089	1	0.297	0.842	
Model C2							
AGE	-0.036	0.010	12.521	1	0.000	0.965	0.022
LN_SIZE	0.043	0.091	0.219	1	0.640	1.044	
Constant	-0.331	0.379	0.763	1	0.382	0.718	
Model C3							
AGE	-0.036	0.010	11.965	1	0.001	0.965	0.022
LN_SIZE	0.044	0.091	0.229	1	0.632	1.045	
LEVEL_EXP	-0.031	0.181	0.030	1	0.863	0.969	
Constant	-0.279	0.486	0.330	1	0.566	0.757	
Model C4							
AGE	-0.033	0.010	10.144	1	0.001	0.967	0.028
LN_SIZE	-0.020	0.100	0.039	1	0.844	0.981	
LEVEL_EXP	-0.024	0.182	0.018	1	0.893	0.976	
LN_TANGIBL_IT	0.025	0.019	1.756	1	0.185	1.025	
Constant	-0.139	0.494	0.079	1	0.779	0.871	
Model C5							
AGE	-0.033	0.011	10.002	1	0.002	0.967	0.028
LN_SIZE	-0.021	0.103	0.040	1	0.842	0.980	
LEVEL_EXP	-0.025	0.182	0.018	1	0.892	0.976	
LN_TANGIBL_IT	0.025	0.021	1.417	1	0.234	1.025	
LN_INTANG_IT	0.001	0.028	0.001	1	0.969	1.001	
Constant	-0.136	0.500	0.074	1	0.786	0.873	

4.2.2.2. Public financial support: A moderator of the relationship between financial constraint and the DOI

Additionally, to our third hypothesis, which was not supported, we ran several tests involving public financial support and found some evidence to suggest that it may function as a moderator⁵³ of the relationship between financial constraint and the DOI.

Models D1–D4 in Table 11 test the impact of financial constraint on the DOI in the context of the absence of public support (D1.1, D2.1, D3.1, and D4.1) versus public support granted (D1.2, D2.2, D3.2, and D4.2). In the presence of public support, the variable for financial constraint became non-significant ($p < 0.1$), suggesting that financial constraints would no longer be correlated to DOI under the condition of public financial support. This result implies that public support reduces the financial constraints of firms in the context of internationalization.

⁵³ Since the timing regarding the finance ownership factor was missing from the database, the hypothesis of public support as a mediating variable could not be tested. We expect that some firms only do the first steps internationally because they receive some sort of support.

Similarly, to determine whether this initial conclusion pertaining to public support could be generalized to external financing, we tested the impact of financial constraint on the DOI in the context of the absence or presence of this later (presented in Table 12, models E1.1, E2.1, E3.1, and E4.1 versus E1.2, E2.2, E3.2, and E4.2). In the presence of external financing, the financial constraint remains significant in two models out of four ($p > 0.1$), especially in the models in which the variable for financial constraint was tested alone, inferring that there is no systematic correlation between external financing and financial constraints. Considering the previous models (D), this would suggest a weaker or nonexistent impact of external financing on financial constraints compared to public support in the context of internationalization.

Tables 11 & 12: Complementary models of public financial support.

DOI SPLIT BY ABSENCE [0] OR PRESENCE [1] OF PUBLIC SUPPORT									
Multiple linear regression model									
Variable	Model D1.1	Model D1.2	Model D2.1	Model D2.2	Model D3.1	Model D3.2	Model D4.1	Model D4.2	
	PUB_SUPP = 0	PUB_SUPP = 1	PUB_SUPP = 0	PUB_SUPP = 1	PUB_SUPP = 0	PUB_SUPP = 1	PUB_SUPP = 0	PUB_SUPP = 1	
FL_CONS	-0.145* (0.063)	-0.022 (0.088)	-0.138* (0.064)	-0.001 (0.089)	-0.141* (0.063)	-0.008 (0.088)	-0.134* (0.063)	0.014 (0.090)	
EXT_FI	—	—	-0.061 (0.065)	-0.104 (0.091)	—	—	-0.063 (0.065)	-0.105 (0.091)	
AGE	—	—	—	—	-0.009* (0.004)	-0.010† (0.006)	-0.010* (0.004)	-0.010† (0.006)	
Constant	0.647** (0.187)	0.537* (0.257)	0.635** (0.187)	0.543* (0.257)	0.775** (0.194)	0.650* (0.265)	0.764** (0.195)	0.656* (0.265)	
LN_INTANG_IT	0.109** (0.025)	0.080* (0.037)	0.107** (0.025)	0.077* (0.037)	0.105** (0.025)	0.073* (0.037)	0.104** (0.025)	0.069† (0.037)	
COMPETI_HOM	-0.177* (0.075)	-0.418** (0.095)	-0.174* (0.075)	-0.415** (0.095)	-0.177* (0.074)	-0.416** (0.094)	-0.174* (0.074)	-0.413** (0.094)	
LN_SIZE	0.088* (0.041)	0.204** (0.062)	0.094* (0.042)	0.209** (0.062)	0.093* (0.041)	0.206** (0.062)	0.099* (0.042)	0.211** (0.062)	
COMPETI_ABR	0.196** (0.071)	—	0.199** (0.071)	—	0.190** (0.071)	—	0.193** (0.071)	—	
IP_PROTECT	0.163** (0.060)	—	0.164** (0.060)	—	0.165** (0.060)	—	0.166** (0.060)	—	
Higher VIF	1.325	1.454	1.331	1.462	1.137	1.476	1.337	1.485	
R-squared	0.143	0.176	0.145	0.181	0.151	0.185	0.153	0.189	

† p ≤ 0.10; * p ≤ 0.05; ** p ≤ 0.01 (2-tailed)

Note: standard errors are in parentheses; tests are two-tailed

DOI SPLIT BY ABSENCE [0] OR PRESENCE [1] OF EXTERNAL FINANCING									
Multiple linear regression model									
Variable	Model E1.1	Model E1.2	Model E2.1	Model E2.2	Model E3.1	Model E3.2	Model E4.1	Model E4.2	
	EXT_FI = 0	EXT_FI = 1	EXT_FI = 0	EXT_FI = 1	EXT_FI = 0	EXT_FI = 1	EXT_FI = 0	EXT_FI = 1	
FL_CONS	-0.126† (0.066)	-0.141† (0.085)	-0.127† (0.066)	-0.144† (0.086)	-0.123† (0.066)	-0.137 (0.086)	-0.122† (0.066)	-0.138 (0.087)	
PUB_SUPP	—	—	0.006 (0.066)	0.022 (0.088)	—	—	-0.013 (0.066)	0.012 (0.089)	
AGE	—	—	—	—	-0.009* (0.004)	-0.006 (0.006)	-0.009* (0.004)	-0.006 (0.006)	
Constant	1.010** (0.077)	0.779** (0.144)	1.009** (0.080)	0.769** (0.150)	1.149** (0.098)	0.866** (0.167)	1.155** (0.103)	0.859** (0.175)	
LN_SIZE	0.002** (0.000)	0.003** (0.001)	0.002** (0.000)	0.003** (0.001)	0.002** (0.000)	0.003** (0.001)	0.002** (0.000)	0.003** (0.001)	
COMPETI_HOM	-0.292** (0.070)	-0.280** (0.009)	-0.292** (0.070)	-0.278** (0.106)	-0.285** (0.070)	-0.277** (0.106)	-0.286** (0.070)	-0.276** (0.106)	
IP_PROTECT	0.169** (0.061)	—	0.169** (0.061)	—	0.171** (0.005)	—	0.171** (0.061)	—	
COMPETI_ABR	—	0.257* (0.014)	—	0.258* (0.104)	—	0.265* (0.104)	—	0.265* (0.105)	
Higher VIF	1.031	1.128	1.037	1.131	1.042	1.134	1.046	1.136	
R-squared	0.099	0.140	0.099	0.141	0.107	0.144	0.107	0.144	

† p ≤ 0.10; * p ≤ 0.05; ** p ≤ 0.01 (2-tailed)

Note: standard errors are in parentheses; tests are two-tailed

5. Discussion and implications

We examined firms' degree of international commitment in the framework of the OLI paradigm (Dunning 1977, 1980, 1988, 1998; Buckley & Casson, 1998) and the resource-based view (Penrose, 1959; Prahalad & Hamel, 1990) through the lens of the financial factors following calls to give more attention to this dimension (Bowe et al., 2010; Oxelheim et al., 2001; Forssbaeck & Oxelheim, 2008). Our hypotheses were tested on a cross-country sample of SMEs within the European environment in the year 2008–2009.

In line with prior studies, our control variables were significantly correlated with the DOI, except for the level of experience; nevertheless, a similar result was already indicated in Eriksson et al. (1997) and Autio et al.'s (2000) findings.

Consistent with our hypothesis, we found that financial constraint and both the degree of internationalization proxy as well as the single item 'foreign sales' models were negatively correlated, suggesting that:

(i) limited financing would restrict small- and medium-sized firms' ability to initiate foreign activities or to extend further their structure to other countries. This finding is consistent with previous works by Musso & Schiavo (2008) and Holtz-Eakin et al. (1994).

Alternatively, this could infer that:

(ii) higher international commitment requires additional resources, creating subsequent financial constraint for firms with limited leverage, i.e., cash flow or external financing. Nevertheless, this second alternative goes against the existing literature on the internationalization ex-post effects, i.e., export activities improve firms' financial situation (Bernard & Jensen, 1999; Greenaway et al., 2007).

Our empirical analysis presents an unanticipated result, which probably also our most interesting finding. While we expected external financing to be positively correlated with the DOI, the linear regression models indicated a reverse relationship. This negative association implies that:

(iii) SMEs using external financing would adopt a safer international development approach and limit their propensity to take investment risks associated with larger commitment, such as local establishment through FDI. This precautionary behavior would come from the threat of liquidation and the need to repay debts (Milne & Robertson, 1996), leading firms to prefer a secured basic return rather than profit maximization. Instead, we could argue that, as proposed in the previous conclusion that:

(iv) higher international commitment indeed would increase firms' need for financial resources, this later would exceed firms' available cash flow and external financing, implying that:

(v) the available external financing for SMEs is not sufficient to enable them to develop at the level they would expect to. This result would go in the same direction

as Riding et al. (2001) and Winker (1999) on loan lower attribution to small growing firms and credit constraints.

Although our hypothesis pertaining to public financial support's direct impact on the DOI was not supported, we found some weak evidence that this financing would instead be a moderator of the financial constraint. The additional models we run (labeled D) suggested that:

(vi) public financial support would reduce the negative impact of financial constraints on the DOI; our result mitigates Berger and Udell's (2006) study, arguing that public ownership of financial institutions has a negative impact on SMEs' credit availability. This effect was measured through the complete sample (813 firms), whereas public support's target is to address those firms that create jobs (Haltiwanger et al., 2013) and have a higher probability to become international (Hurst & Pugsley, 2011; Autio et al., 2000), i.e., young firms. This argument was also supported by the confirmation of the fourth hypothesis, that is, young firms have a higher DOI, inferring that:

(vii) either young age would be linked to better capacities in terms of, for instance, flexibility, the "learning advantage of newness" (Autio et al., 2000, p. 919), as well as rapid adaptability to reach a higher DOI and perhaps a higher urge to develop their activity. Alternatively, this result could be interpreted from the perspective that:

(viii) mature firms already well established in some markets would accordingly be less willing to develop new dynamic capabilities "necessary to effectively compete in new foreign markets" (Sapienza et al., 2006, p. 921). We also found some weak evidence that public financial support had a more systematic impact on financial constraints in the international context than external financing, suggesting a less straightforward relationship.

Financial resources should also be investigated mutually with other sources of public instruments to assess their relative impact in comparison to their respective use; indeed, for financing instruments, Alvarez (2004) found them to be the least used form of public support.

Finally, we were interested in assessing the adequacy of public financial granting with the specific population of young firms. The age of firms and the ability to raise public support was negatively correlated, implying that:

(ix) either younger firms would have a better knowledge of the existence of such public support for internationalization projects and subsequently are more numerous to apply. This first conclusion is barely possible, as the reverse is usually deployed in the literature (see Freixanet, 2012 for a review of the literature). It is more probable that:

(x) public formal institutions conduct their selection processes well and effectively, attributing financial resources to younger firms apparently most eager to

internationalize. This last argument is highly controversial, and no consensus has been found within the literature (Faroque & Takahashi, 2012). Therefore, this selection issue should be given more attention, as there is some evidence in the entrepreneurship finance literature that less able ventures use external financing, especially venture capital, whereas the more profitable will prefer to develop without external participation due to asymmetric information (Amit et al., 1990). This is especially a matter of concern for the public sector, which is believed to have a potential certification role pertaining to its ability to identify the most promising firms (Lerner, 2002, 2012).

6. Limitations and future research orientations

The main objective of this study was to examine the impact that financial advantage had on firms' degree of international commitment. This research provided support for most hypothesized relationships, suggesting the importance of including distinguished financing effects in the firms' internationalization process analysis. Our essay followed Bowe et al.'s (2010) recommendations to bring the financial dimension at stake in the IB literature.

A future research agenda could be to test the order of causality in our hypothesized relations, as summarized in the previous section, using longitudinal data. For instance, event data associated with repeated measures before and after the event realization could reveal whether the firm financially anticipates a foreign market entrance (endogenous self-selection phenomenon argument⁵⁴) and, or an increased international commitment.

Since our analysis focused on the European empirical context, an alternative group of firms could also be included, for example, to account for the quantitative impact of a common currency on trade (Baldwin et al., 2008). Sweden could be added to this initial panel of three countries; nevertheless, Sweden being an outlier case shows that its expected divergences cannot be deduced on the sole quantitative criterion. As both the environmental context and history are rich sources of information, and due to the intimate similarities that Sweden shares on these specific criteria with its next-door northern neighbor from the European region, Finland should be added to the final panel at the same time as a reference country to be compared to Sweden.

To our knowledge, no other study has addressed the differences in DOI correlated with the type and source of financing available to the firm in a cross-country study. We also mentioned that financial resources could be investigated mutually with other public instruments. This analysis of other resources should be extended especially to intangible resources (Kotha et al. 2001, Hall 1992, 1993), as we have mentioned in relation to the certification role.

⁵⁴ See Clerides et al. (1998) and Bernard and Jensen (1999) for empirical evidence on the self-selection phenomenon.

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Appendixes

Table A: Descriptive statistics for Austrian firms.

Variables	Mean	Median	Std. Dev.	Variance	Skewness	Kurtosis	Min.	Max.	Sum	N
<i>Dependent variable</i>										
DOI	1,069	1,090	0,690	0,477	0,051	-0,873	0,000	2,631	60,935	57
FOR_SALES_P (%)	44,518	53,500	31,594	998,181	-0,013	-1,476	0,000	99,000	2493,000	56
<i>Independent variable</i>										
FI_CONS (dummy)	0,246	0,000	0,434	0,189	1,214	-0,546	0,000	1,000	14,000	57
SA_IND	-2,657	-2,727	0,476	0,227	0,128	-0,903	-3,520	-1,690	-151,450	57
EXT_FI (dummy)	0,228	0,000	0,423	0,179	1,331	-0,237	0,000	1,000	13,000	57
LN_TANGIBL_IT	-0,353	-0,255	1,168	1,365	0,420	1,068	-2,810	3,220	-19,770	56
PUB_SUPP (dummy)	0,386	0,000	0,491	0,241	0,481	-1,834	0,000	1,000	22,000	57
AGE	14,320	20,000	7,635	58,291	-0,673	-1,425	1,000	20,000	816,000	57
<i>Control variable</i>										
LEVEL_EXP	2,000	2,000	0,423	0,179	0,000	3,066	1,000	3,000	114,000	57
IP_PROTECT (dummy)	0,456	0,000	0,503	0,253	0,181	-2,040	0,000	1,000	26,000	57
LN_INTANG_IT	-1,003	-1,050	1,111	1,233	0,122	-1,077	-3,220	1,100	-53,170	53
LN_SIZE	3,646	3,526	0,856	0,733	0,645	0,044	2,300	6,110	207,800	57
COMPETI_HOM (dummy)	0,561	1,000	0,501	0,251	-0,254	-2,007	0,000	1,000	32,000	57
COMPETI_ABR (dummy)	0,842	1,000	0,368	0,135	-1,927	1,776	0,000	1,000	48,000	57

Table B: Descriptive statistics for French firms.

Variables	Mean	Median	Std. Dev.	Variance	Skewness	Kurtosis	Min.	Max.	Sum	N
<i>Dependent variable</i>										
DOI	0,805	0,650	0,688	0,473	0,837	0,013	0,000	2,813	284,235	353
FOR_SALES_P (%)	27,813	20,000	24,176	584,491	1,030	0,135	1,000	99,000	9540,000	343
<i>Independent variable</i>										
FI_CONS (dummy)	0,535	1,000	0,500	0,249	-0,143	-1,991	0,000	1,000	189,000	353
SA_IND	-2,756	-2,798	0,404	0,163	0,253	-0,365	-3,550	-1,610	-972,680	353
EXT_FI (dummy)	0,419	0,000	0,494	0,244	0,329	-1,903	0,000	1,000	148,000	353
LN_TANGIBL_IT	-0,734	-0,693	1,413	1,997	0,244	0,942	-4,610	5,510	-252,600	344
PUB_SUPP (dummy)	0,363	0,000	0,481	0,232	0,574	-1,680	0,000	1,000	128,000	353
AGE	16,390	20,000	6,433	41,387	-1,280	-0,208	1,000	20,000	5786,000	353
<i>Control variable</i>										
LEVEL_EXP	1,946	2,000	0,433	0,187	-0,292	2,244	1,000	3,000	687,000	353
IP_PROTECT (dummy)	0,462	0,000	0,499	0,249	0,154	-1,988	0,000	1,000	163,000	353
LN_INTANG_IT	-0,882	-0,693	1,421	2,019	0,083	0,253	-4,610	3,560	-307,690	349
LN_SIZE	3,685	3,555	0,868	0,753	0,744	0,020	2,300	6,210	1300,960	353
COMPETI_HOM (dummy)	0,708	1,000	0,455	0,207	-0,920	-1,160	0,000	1,000	250,000	353
COMPETI_ABR (dummy)	0,867	1,000	0,340	0,116	-2,169	2,720	0,000	1,000	306,000	353

Table C: Descriptive statistics for German firms.

Variables	Mean	Median	Std. Dev.	Variance	Skewness	Kurtosis	Min.	Max.	Sum	N
<i>Dependent variable</i>										
DOI	1,023	1,050	0,768	0,589	0,580	-0,297	0,000	3,311	412,383	403
FOR_SALES_P (%)	33,282	30,000	23,739	563,525	0,646	-0,579	0,000	100,000	13080,000	393
<i>Independent variable</i>										
FI_CONS (dummy)	0,228	0,000	0,420	0,177	1,300	-0,313	0,000	1,000	92,000	403
SA_IND	-2,689	-2,691	0,459	0,211	0,184	-0,779	-3,550	-1,560	-1083,470	403
EXT_FI (dummy)	0,251	0,000	0,434	0,188	1,155	-0,669	0,000	1,000	101,000	403
LN_TANGIBL_IT	-0,039	0,000	1,335	1,783	-0,004	1,116	-4,610	5,350	-15,400	399
PUB_SUPP (dummy)	0,293	0,000	0,456	0,208	0,914	-1,170	0,000	1,000	118,000	403
AGE	13,370	20,000	7,752	60,090	-0,393	-1,681	1,000	20,000	5389,000	403
<i>Control variable</i>										
LEVEL_EXP	1,933	2,000	0,415	0,172	-0,454	2,573	1,000	3,000	779,000	403
IP_PROTECT (dummy)	0,519	1,000	0,500	0,250	-0,075	-2,004	0,000	1,000	209,000	403
LN_INTANG_IT	-0,462	-0,693	1,301	1,694	0,047	0,580	-4,610	3,560	-182,550	395
LN_SIZE	3,806	3,784	0,817	0,667	0,408	-0,240	2,300	6,210	1533,900	403
COMPETI_HOM (dummy)	0,824	1,000	0,381	0,146	-1,706	0,916	0,000	1,000	332,000	403
COMPETI_ABR (dummy)	0,625	1,000	0,485	0,235	-0,520	-1,739	0,000	1,000	252,000	403

Appendix: Calculation of the degree of internationalization based on Sullivan (1994)

According to the article by Sullivan (Sullivan, 1994, p. 331) the degree of internationalization (DOI) measurement requires three attributes: 1) Performance; 2) Structural variable of internationalization; 3) Attitudinal attribute.

Following Sullivan's description, the degree of internationalization is represented through the following sum calculation formula of five components: $DOI = FSTS + FATA + OSTS + PDIO + TMIE$.

The abbreviations are as follows. FSTS: foreign sales as a % of total sales; FATA: foreign assets as a percentage of total assets; OSTS: overseas subsidiaries as a % of total subsidiaries; PDIO: psychic dispersion of international operations; TMIE: top managers' international experience. Each of the five sum-parts is the result of a ratio that can take a value between 0 and 1.

Hereafter, we describe the five variables composition from our sample (we used the publicly available EFIGE database):

- 1) *Performance*: For the performance we used the foreign sales as percentage of the turnover (commonly referred as exports percentage).
- 2) *Structural variable of internationalization*: For the Structural variable of internationalization we included the two elements of the foreign affiliates and the foreign assets. 2.1) The number of foreign affiliates as a percentage of the maximum number of subsidiaries affiliated to a firm (in our sample) 2.2) To account for foreign assets we used a dummy variable, with one if the firm had foreign direct investment, and zero otherwise
- 3) *Attitudinal attribute*: For the Structural variable of internationalization we included: 3.1) The managers' international experience (a dummy with one if he had some experience abroad, zero otherwise) 3.2) The psychic dispersion of the international operations of the firm. According to the previous literature⁵⁵, we measured the psychic dispersion based on the percentage of cold countries export destinations out of three main destinations⁵⁶

⁵⁵ Several articles have accounted for psychic dispersion elements: i) the role of institutions and institutional distance as determinants in the structure and behavior of firms, which has been extensively studied in the literature (Kostova 1999, Kostova & Zaheer 1999; Acs et al. 1997; Hennart 1998; Cantwell et al. 2010); ii) The influence of institutions in entry strategies studies (Xu and Shenkar 2002) into emerging markets (Khanna et al. 2005); iii) The absence of specialized intermediaries—"institutional voids"—regulatory systems, and contract-enforcing mechanisms in emerging markets, which hampers the international development of firms. As such, soft infrastructures are often weak or absent in emerging markets, making it easier for firms seeking foreign countries entry to prefer hosts with high levels of soft infrastructure. iv) Goodnow and Hansz (1971) provided a classification of countries into "hot," "moderate," and "cold" countries to differentiate between the different levels of institutional presence; "cold" countries are less stable politically.

⁵⁶ In order to determine the main destinations, we theoretically set the first destination when sales accounted for at least 51%, the second for 26%, and the third for 23%).

Essay III: A study on the relationship between firms' management use of public support and their internationalization timing

Abstract

In this study, we investigated the relationship between firms' management use of public support for export promotion and their timing of internationalization. We explored the following research question: *How does the time internalization factor in the internationalization of firms relate to export promotion and finance?*

The study distinguishes between three specific time points and three durations of firms' internationalization process: the establishment year, the year of the formation of the initial idea to internationalize (identified as "Willingness"), the year of the internationalization realization ("Goal"). Public support pertains to the firms' capabilities and is hypothesized as an influencing factor of a firm's decisions to transform its willingness into a realized goal of internationalization.

After conducting a survey of 32 firms from a sample of 107 firm contacts, using descriptive statistics, we unveiled a possible relation between the age of the firms and the propensity to apply for and/or to obtain public support (capabilities). Through our research design, we were able to distinguish firms' year of establishment from their willingness (idea) and goal (realization) to internationalize. Finally, our study proposed an original practical use of the time to identify born-global firms alongside three other types of firms: maturing-capabilities firms, maturing-goals firms, and maturing-willingness firms.

Keywords: Timing of internationalization; willingness; goal; born global; export promotion

1. Introduction

In a recent article, Clarke & Liesch (2017) pointed out the importance to include the omitted dimensions of uncertainty and risk management in the internationalization process of firms. They identified these omissions as the main limit of two of the other most used IB models—the eclectic paradigm and the transaction cost theory (TCT)—and proposed a modified version of the Uppsala model in order to account for the individual decision maker rather than for the decision-making system (p. 924). According to Clarke & Liesch (2017), the OLI and TCT, although accounting for the aspect of risk in international decisions, overlooked certain aspects of risk management (i.e., the operational risk tolerance of the firm and its existing risk level acceptance) by neglecting the decision unit of analysis. Indeed, IB focus is essentially about the firm level (Toyne, 1989; Toyne & Nigh, 1998)⁵⁷.

The analysis of firms' risk management strategies involves the study of the decision processes of firms to go international. Firms' international risk management strategies are one dimension addressed by export promotion service providers. EPOs intend to incentivize firms' internationalization, originally through exports as a main entrance strategy, and they consist of financial and non-financial services. Therefore, in our study, we focused on the firms' possible use of public services for export promotion as a capability factor for firms' internationalization.

Our essay is divided into four parts: the theoretical background, the research method, the analysis, and the findings.

⁵⁷ Toyne (1989) and Toyne & Nigh (1998) suggested the use of the international exchange and process units of analysis.

2. Theoretical background

This investigation is interested in understanding a practical problem: How does the time internalization factor in the internationalization of firms relate to export promotion and finance?

2.1. Internationalization strategy and the time internalization factor

In the present research paper, we define internationalization as a strategy. According to Melin (1992, p. 101), “Strategy making [...] is about changing perspectives and/or positions (Mintzberg, 1987). Internationalisation—the process of increasing involvement in international operations across borders (Welch and Luostarinen, 1988)—comprises both changed perspectives and changed positions. Thus internationalisation is a major dimension of the ongoing strategy process of most business firms. The strategy process determines the ongoing development and change in the international firm in terms of scope, business idea, action orientation, organizing principles, nature of managerial work, dominating values and converging norms. The internationalisation dimension is related to all these aspects of the strategy process.”

In this research, we focused on the time factor, which is a part of the internalization dimension of the Eclectic paradigm (Dunning, 2000; Rugman, 2010). The timing of internationalization has been studied and operationalized previously through different performance/measurement indicators (Welch, Nummela, & Liesch, 2016; Welch & Paavilainen-Mäntymäki, 2014). Jones & Coviello (2005, p. 292) distinguished between two dimensions of time: “chronological time shown as a continuous horizontal timeline, and reference time indicated as points on the timeline at which events associated with the firm’s internationalization occur.” In the present study, we used reference time and distinguished between three specific time points of a firm’s establishment, willingness to go abroad, and realization of internationalization (actual international business transactions). When a firm becomes actively in charge of its time management, the firm will internalize time.

According to a previous description of the nature of time, time is an intangible, knowledge-based advantage. By knowledge-based advantage, we mean, among others, that time facilitates learning and the accumulation of knowledge, and it enables us to unveil impacts of decisions, which remain unnoticed in the beginning. Time can be either or simultaneously an individual- or firm-specific advantage. Hence, for any given firm, there exist the firm’s time and the firm members’ individual times. However, due to its various dimensions, the time of the firm and of the individuals will not be identical unless mutual understanding and a common agreement are reached. The firm will therefore need to manage time through an internalization strategy. This can be best achieved, for instance, through hiring

individuals based on fixed-term work contracts, through a firm's risk management strategy, the acquisition of export promotion tools and export guarantees will secure international business transactions in the long term. In the IB literature, the firms' risk management strategy is one specific goal that might have been overlooked (Clarke & Liesch, 2017; Miller, 1992). Risk mitigation is specifically the rationale of EP financial tools.

2.2. Export promotion as firm' capability factor

EP activities can be classified into two categories: financial and non-financial services, which are initiated or supported by governments and which tend to target small- and medium-sized firms (SMEs) schemes. EP consists of initiatives dedicated to raising awareness of export opportunities and encouraging, easing, or enhancing firms' export activities primarily and subsequently to attract FDI (Freixanet, 2012; Gillespie & Riddle, 2004; Seringhaus & Rosson, 1991).

The speed of the digitalization of the economy and the acceleration of the exchanges have amplified the state of risk and uncertainty in international business (IB) processes in particular and business in general. The default payment from a buyer in an international export transaction can sometimes threaten the exporting firm's (the seller) survival. According to export credit insurers, approximately a quarter of business bankruptcies are due to the default of one or several international buyers (Barelier, Duboin, Duphil et al., 2002, p. 422). Despite these risks, it will often be the case that when the firm is already engaged in the transaction, during the delivery, the exporting firm will start to question the weight (for the firm) of the risk engaged in the case of a payment transaction failure. When a firm starts to ponder upon these dimensions in the processing of the exportation, the seller would not have developed a finance strategy for the management of its credit risk. The firm must define a credit risk management policy that includes identifying the risk factors and being aware of the existing financial and non-financial services available to cover those risks. Export promotion represents one strategy among the credit risk management strategies available for the exporting firm for preventing or transferring the risk.

Export promotion was recognized to have an impact and be especially potent for the act of innovation that characterizes the first internationalization (Andersen, 1993; Lee & Brasch, 1978; Samiee, Walters, & Dubois, 1993; Simmonds & Smith, 1968), that is, the firm's entry into (a) new foreign market(s). In the present study, we included the following dimensions of export promotion in our survey: export credit or export guarantee, prospecting program, foreign market information, coaching, or training. The following were additionally mentioned by surveyed participants (but not systematically investigated): direct investment through public funds (in shares

within the firm), internship programs, and exhibitions at national and international fairs through group-pre-reservations (with discounted prices or better spots). This research has investigated the possible link between the export promotion service utilization by firms and the timing of internationalization.

3. Methods

This section describes how we constructed our research method. I followed inductive reasoning focused on firm cases. The objective was to explore the phenomenon of the time dimension in EP. I conducted a survey and run classic statistics to analyze the phenomenon of the internationalization timing of 32 anonymized French firms. Due to the difficulty of obtaining identity, financial statements, export share, and performance indicators from existing databases, the sample was built from several year rankings of best performing internationalized companies (total initial sample of 375 firms). I obtained 38 answers out of 107 firms; six answers were not at the managing level and were therefore excluded. The response rate was above 30%, this is higher than usual rates, as indicated in previous studies. In addition, I collected data from a combination of publicly available datasets; I was able to consolidate five years' worth of data from 2010 to 2014. I used the non-parametric comparison Mann–Whitney U test, which is suitable for small samples, to test the significance of performance indicators. In the survey design, I focused on three time points: firm's establishment, the idea to go abroad, and the realization of internationalization. The observations were cross-sectional; thus, causality could not be tested.

3.1. Research setting

The initial research setting intended to be cross-country through five European countries: Austria, Finland, France, Germany, and Sweden, which we argue are comparable, for instance, in their level of economic development, in network memberships⁵⁸ and sufficiently divergent (e.g., in market size) or PS organization (centralized versus decentralized) to produce interesting results. Along the research journey, due to time, access, and resource restrictions, I limited the investigation scope to one country. However, this limitation allows room for replication of the study. I initiated the process in France because of the researcher's easy access to the country.

3.2. Data collection

After building the sample, I conducted a survey in 2014 and a follow-up in 2016. The data were triangulated with secondary material such as financial statements, company material, and, when available, press publications. The evolution of the

⁵⁸ Examples include the European Union and the Network of European Financial Institutions for SMEs (NEFI; www.nefi.eu) group.

companies' business was updated⁵⁹ with the persons contacted by telephone or e-mail. The data were collected in three waves.

Wave 1: Building the sample. This wave first looked for firm-level databases that would provide the identity and the financial statements of firms, including the share of exports and information on any PS received. The databases did not combine all these information; therefore, I had to prioritize. After an examination of several commercial databases, I found that export share was often missing, and information about PS was not included. The only database that would include both the exports and the PS would be from the French NPBI, BPIFrance (previously known as OSEO), and the European framework project EFIGE⁶⁰. Firms' identity was then set as a priority criterion, therefore excluding all the commercial databases, the BPIFrance database, and the EFIGE database. Subsequently, a sample of 375 firms was formed based on a combination of several years (2011–2014) of publicly available rankings of the best-performing internationalized companies (including SMEs, midcaps, and large companies), which appeared in the journal *L'express L'Entreprise*. These rankings included the companies' and CEOs' names, profitability, turnover, exports, and growth shares. I first tried to obtain the original data from the journal, but this attempt remains open. Based on the data directly available for use, I then searched for the business register identification numbers and contact information (email and/or phone numbers). Complementary secondary financial data publicly available were also collected (in Wave 3 below). Then, all firms were individually contacted to verify that the emails and phone numbers were accurate. The final sample of firms with a matching contact was 107.

Wave 2: The survey. The 107 firms were asked whether they would be willing to participate in a short survey, of which 38 said they were willing. The survey was built based on previous studies and especially their omissions, such as more granularity in the types of PS used and the introduction of a 7-point Likert scale for responses (although, for convenience reasons, we used a dummy variable here to report the results in Tables 6–10). The survey content and format were pre-tested

⁵⁹ For instance, one of the CEOs unfortunately, lost the company he had started and run for 11 years due to an investment strategy focused on R&D, which was not producing visible results; hence the company was not able to raise further funding.

⁶⁰ EFIGE stands for "European firms in a global economy" (<http://bruegel.org/efige/>); the database was released at the end of 2012.

and modified based on the comments and observations made⁶¹ (for an example, see Annex). We excluded six firms because the answers were not at the managing level. The final sample included in this study was made up of 32 firms; a response rate of 30% is above the usual rate found in previous studies. The purpose of the survey was primarily to obtain insights into the managers' understanding of what PS⁶², and especially EP, meant from their point of view, as well as why and how they used it.

Wave 3: Financial statements. We collected the financial statements available in public databases for the 32 firms for all the years from 2004 to 2016. After cross-comparing the data, we were able to consolidate the results into a period of five years from 2010 to 2014. Based on these data and the results from the survey, we ran a quantitative analysis. The approach and results at the aggregated level are presented here.

⁶¹ Although we had a standard format for the survey (clickable PDF or Word format), in order to maximize the response rate, once the individual agreed to answer, we had to adapt in different ways. Some contacts were happy with the clickable format, while others preferred an all-online survey ("SurveyMonkey"-type); others still would not find the time until we came face-to-face with a printed version, and one needed us to guide him through the survey while answering and having us fill the survey as a secretary would (which we did over the phone).

⁶² I remained unspecific in the survey regarding the notion of EP and used PS (but it was very specific, what was meant through "public support" in the survey conducted previously) in order to learn about their level of awareness. This is usually done through an un-surveyed method for NPBI (p124) because it requires asking from a set of firms that are not current or past customers of the specific institution and yet would be potentially interested in the offered financial and non-financial services.

4. Data analysis and results

For the survey, we used the phrase “public support“ (for firms’ internationalization) instead of “export promotion,” as the latter seemed to be restrictive in the managers’/CEOs’ understanding.

Table 1: Descriptive statistics for product-manufacturing firms versus service firms.

Values	Products	Services	Grand Total
Count number of firms	12	20	32
Firms with capabilities (public support)	8 (66%)	11 (55%)	19 (60%)
Mean time (y.) establ. to goal	14	13	14
Mean time (y.) establ. to willingness	13	12	13
Mean time (y.) willingn. to goal	1	1	1
Mean nb. of employees	146	31	74
Mean turnover	24 375 708	13 683 240	17 692 916
Mean turnover/employees	196 362	724 360	526 361
Mean production	23 272 017	12 211 500	16 359 194
Mean production/employees	172 747	609 356	445 628

In Table 1, we present the descriptive statistics for the firms’ type of industry. We distinguished between the traditional manufacturing sector of goods production (12 firms) and those services firms; about 62.5% (20) of our sample included service providers.

Out of 32 firms, 19 benefitted from public support (identified in the table as Capabilities, since we hypothesized public support granting as a Capability factor acquisition for the firm). Interestingly, firms that successfully attracted public support were mostly (66%) manufacturing providers. This focus, if an intentional identification from service providers would be justified due to the size of those firms in employment and production. One manufacturing firm had a mean employment five times (a mean of 146 employees) the size of service providers firms (31 employees). In addition, the mean production of manufacturing firms, hence the national contribution to the GDP, was double the size of service provider firms (23 Mio versus 12 Mio, respectively). We further analyze these public supports in Table 3.

Regarding internationalization time, there was a slight difference of one year on average in the process between the establishment of the firm and the attainment of the goal to internationalize; this could be easily justified through the mean acquisition of the production tools.

Since governments’ export promotion policies (identified as “public support” in the survey) ultimately want to target firms that will actually go abroad or influence

their behavior to go abroad (Cyert & March, 1963, p. 206), we considered the internationalization timing of firms for further sorting into three groups (additionally, a fourth category emerged since one firm, “Maturing Goal,” did not fit any of our initial categories). These groups are presented below in Table 2.

Table 2: Descriptive statistics for internationalization time group sorting.

Values	Born Globals	Maturing Capabilities	Maturing Goal	Maturing Willingness	Grand Total
Count number of firms	9	6	1	16	32
Firms with capabilities (public support)	8	4	1	6	19
Mean time (y.) establ. to goal	1	13	5	12	14
Mean time (y.) establ. to willingness	0	9	0	22	13
Mean time (y.) willingn. to goal	1	4	5	0	1
Mean nb. of employees	60	48	61	92	74
Mean turnover	12 526 856	8 736 800	20 217 100	23 799 606	17 692 916
Mean turnover/employees	182 671	284 813	331 428	822 450	526 361
Mean production	11 270 767	8 410 017	20 438 600	21 947 413	16 359 194
Mean production/employees	148 032	266 997	335 059	686 922	445 628

In Table 2, half of the firms belonged to the “Maturing Willingness” group ($n = 6$); these are firms that went directly from the idea to internationalize to the realization of their goals.

A third of our sample (28%) are firms for which their internationalization behavior falls under the definition of the “Born Globals” category—they had the willingness to internationalize since their inception, and they would need less than two years to reach that goal. Interestingly, born-global firms had an average of 60 employees but had the lowest mean turnover per employee and mean production per employee. This would imply that born globals would be contributing less to the national GDP in terms of economic indicators. This would require further analysis of the quality of the employments created, i.e., whether those are fixed or long-term employments and their levels of qualification.

The “Maturing Capabilities” category involves those firms that needed an average of nine years from the time of their establishment to the emergence of the idea to internationalize; then, they needed an additional average of four years to reach their goal. We hypothesize that this extended period of time and the delay between the willingness and the actualization realization would characterize the period of capability maturation. This hypothesis could also be supported by the fact that 66% of the sample acquired some public support.

Finally, the “Maturing Goal” category emerged as one firm did not fit any of the initial categories. This firm is characterized through the existence of the willingness

to internationalize since the establishment year of the firm; in that regard, from the purpose to internationalize present since the inception, the firm would belong to the Born Global category. However, the firm needed five years to realize its goal. Interestingly, that firm managed to obtain some public support.

Table 3: All firms' frequencies of use of internationalization support service capabilities.

Firms (N = 32)	Financing/ guarantee	Prospecting	International markets information	Training/ coaching
0-Left empty	0	0	0	0
1*-Wish to not answer	2	2	3	2
2-Don't know	1	1	2	0
3-No, but interested	1	2	1	1
4-No, but we applied	1	0	0	0
5-No, never	11	17	18	22
6-Yes, several times	9	5	3	1
7-Yes, once	7	5	5	6

**7-point Likert scale*

In Table 3, we present our sample firms' use of four types of public support services for internationalization. The main tool used was financing or guarantees (export credits or guarantees are well-established and standard tools that firms can use in risk diversification strategies). The least-used was the training or coaching services offered.

Interestingly, for those firms that used any type of support services, there was no important difference between financing and training, which were used, seven and six firms at least once, respectively. The difference occurred in the repetition of the use, in which nine firms stated they used financing several times, while only one firm used the training or coaching service several times. Since six firms used it once, further research could investigate the reasons why firms tended to not reuse these services.

Table 4: Born global firms' frequencies of use of internationalization support service capabilities.

Born globals (n = 9)	Financing/ guarantee	Prospecting	International markets information	Training/ coaching
0-Left empty	0	0	0	0
1*-Wish to not answer	0	0	0	0
2-Don't know	0	1	1	0
3-No, but interested	0	0	0	0
4-No, but we applied	1	0	0	0
5-No, never	1	3	5	6
6-Yes, several times	5	3	1	0
7-Yes, once	2	2	2	3

**7-point Likert scale*

In Table 4, we focus on the born global firms' use of the four types of public support services for internationalization. The main tool used by firms in the born globals category was the financing or guarantee tool (seven firms), followed by the prospecting service (five firms). This could come as a surprise, since these firms are young, and we would have expected them to not be aware of the existence of such services. Another striking dimension is the fact that financing services usually target larger firms beyond the size of SMEs; these born globals had a mean of 60 employees. The born global firms also used the training or coaching services offered. Therefore, their use of the full ranges of services could have contributed both to their successful reach the goal to internationalize and to their direct access from inception to international markets.

Table 5: Maturing Capabilities firms' frequencies of use of internationalization support service capabilities.

Maturing Capabilities (n = 6)	Financing/ guarantee	Prospecting	International markets information	Training/ coaching
0-Left empty	0	0	0	0
1*-Wish to not answer	1	1	1	0
2-Don't know	0	0	0	0
3-No, but interested	1	2	1	1
4-No, but we applied	0	0	0	0
5-No, never	1	2	1	2
6-Yes, several times	1	0	1	1
7-Yes, once	2	1	2	2

**7-point Likert scale*

In Table 5, we focus on the “Maturing Capabilities” category of firms; specifically, their use of the four types of public support services for internationalization. For these firms, we found no main tool used. Prospecting was used less in comparison, since only one firm used it, whereas three firms used the three other kinds of services.

Interestingly, this was the only category that answered being curious to know more about the various services available. Hence, identifying this category of firms could represent an opportunity for services providers to extend their existing customers' databases.

Table 6: Maturing Goal firms' frequencies of use of internationalization support service capabilities.

Maturing Goal (n = 1)	Financing/ guarantee	Prospecting	International markets information	Training/ coaching
0-Left empty	0	0	0	0
1*-Wish to not answer	1	0	0	0
2-Don't know	0	0	0	0
3-No, but interested	0	0	0	0
4-No, but we applied	0	0	0	0
5-No, never	0	0	0	1
6-Yes, several times	0	1	1	0
7-Yes, once	0	0	0	0

**7-point Likert scale*

In Table 6, we present the fourth category firm that emerged from our analysis: the “Maturing Goal” firm, which did not fit any of our initial categories.

The “Maturing Goal” firm benefited several times from internationalization support services. This would indicate that the firm was well informed about the existence of the different support services, and possibly that it would be internationally active through prospecting actions. Interestingly, although the firm needed five years to internationalize (Table 2), the firm did not benefit from financing or a guarantee (in Table 6, this was identified as “1-Wish to not answer”).

Table 7: Maturing Willingness firms' frequencies of use of internationalization support service capabilities.

Maturing Willingness (n = 16)	Financing/ guarantee	Prospecting	International markets information	Training/ coaching
0-Left empty	0	0	0	0
1*-Wish to not answer	1	1	2	2
2-Don't know	1	0	1	0
3-No, but interested	0	0	0	0
4-No, but we applied	0	0	0	0
5-No, never	9	12	12	13
6-Yes, several times	2	1	0	0
7-Yes, once	3	2	1	1

**7-point Likert scale*

In Table 7, we focus on the “Maturing Willingness” firms’ use of the four types of public support services for internationalization. These firms were in the largest group, representing half of our sample. Interestingly, a large majority (between n=9 to 13) had never garnered any public support.

What is interesting about this category is the fact that, from the time the firms had decided to internationalize, they needed less than a year to realize their goal. There was a period of 22 years between the firm’s inception and the goal realization. This would suggest that this category has the capabilities yet lacks the incentives to internationalize. Hence, in Tables 8 and 9, we further investigate the specific factors that could have locked and may unlock the firms’ status quo (Clarke & Liesch, 2017).

Table 8: All firms' frequencies of opportunity creation and identification.

Firms (N = 32)	Geo. location as an obstacle	Geo. location as a force	Busi. sector as an obstacle	Busi. sector as a force
0-Left empty	1	0	0	0
1*-Full disappr.	13	2	24	0
2-Partial disap.	3	1	1	0
3-Disapproval	6	0	4	0
4-Neutral	9	16	1	2
5-Partial approval	0	5	1	4
6-Approval	0	5	0	5
7-Full approval	0	3	1	21

**7-point Likert scale*

In Table 8, we present the firms' answers regarding the role of the location and their business as either an obstacle or a force in their internationalization process. We chose these two dimensions as they represent the location factor and ownership factors of the eclectic paradigm. Through these four questions, we wanted to test the potential constraining roles of these two specific dimensions.

The firms' sample was aligned in the view of the neutral (16 firms) or positive influence of the geographical location as a force (13), and not an obstacle (22).

Regarding the business sector in which the respective firms were involved, a large majority considered it a force in their internationalization strategy (30) and not an obstacle (29).

The absence of constraint on these two factors reinforced our previous finding regarding the "Maturing Willingness" group of firms, i.e., concerning the fact about half our sample (16 firms) needed 22 years from their inception to develop the willingness to go international.

Table 9: All firms' frequencies of opportunity creation and identification.

Firms (N = 32)	Opp. crea. FFF netw.	Opp. crea. prof. netw.	Opp. crea. formal event (e.g., fair)	Opp. crea. informal event (e.g., afterwork)	Opp. identif. formal. method (e.g., market study)	Opp. identif. formal. commu. (e.g., pub)	Reco.	Proact. prosp.	Answer to nat. call	Answer to Europ. call
0-Left empty	1	1	0	1	0	0	1	0	1	1
1-Full disappr.	15	0	1	11	6	4	2	0	21	23
2-Partial disap.	2	0	0	1	5	6	1	1	0	1
3-Disapproval	3	0	0	4	4	1	2	0	3	2
4-Neutral	3	0	3	5	2	1	10	3	2	0
5-Partial appr.	1	5	10	4	7	9	7	10	0	1
6-Approval	5	15	9	3	6	8	6	10	0	1
7-Full approval	2	11	9	3	2	3	3	8	5	3

**7-point Likert scale; FFF stands here for "Friends, Family, and Financing institutions"*

Table 9 presents the present the firms' view on the influencers for opportunities creation and identification.

There was a strong opinion alignment among the firms regarding the non-role of both national and European calls for proposals as opportunities creation. This did not come as a surprise since the firms in our sample were rather small, and answering institutional calls usually requires the dedication of special resources (e.g., human resources and time for project management and administrative tasks), which SMEs do not have.

There were three kinds of possible influencers that gathered the most approval: 1) the creation of opportunities through professional networks, which usually involve physical presence; 2) participation in formal events—at the time of the survey—involving physical presence, such as fairs; and 3) proactive prospection.

5. Findings and contributions

In this essay, we focused on the time factor, which is anchored in the internalization dimension of the Eclectic paradigm (Dunning, 2000; Rugman, 2010). Through the focus on the timing of the internationalization decision and realization process, we have unveiled a possible relation between the age of the firms and the propensity to apply for and/or to obtain public support. In our research, we have demonstrated the importance of conducting a primary survey, since through our design we were able to distinguish firms' years of establishment from their willingness (idea) or capabilities (realization) to internationalize. The firm's creation date is information readily available to EP service providers (through business registers), and to our knowledge, they do not inquire about the timing between idea and realization. Therefore, the selection process could be missing for those firms that have the willingness to internationalize (idea) but do not have sufficient capabilities aligned to successfully realize their goals.

Regarding the limitations of our study, due to the small size of our sample ($n = 32$), the results cannot be generalized to the population; however, the study can be reproduced for cross-case generalization. The results can also serve as a departure to build a larger survey and/or form future hypotheses to be tested on a larger sample.

As a practical conclusion of our research, we suggest that successfully reaching a goal requires the alignment of the willingness with the capabilities; hence, a missed goal could reveal either a weak willingness—for example, the change of managerial risk perception (Yuan, Qian, & Pangarkar, 2016) or insufficient capabilities (e.g., the financing gap [Tuppura, Saarenketo, Puumalainen, Jantunen, & Kyläheiko, 2008]). This hypothesis could be confirmed by export promotion service providers through collecting feedback from supported firms case by case (Siggelkow, 2007), specifically inquiring about the pursuit of their initial goal. Such individualized feedback (Lervik, 2011) would help EPOs adapt their services and better adjust their level of support to the firm's need (Naidu & Rao, 1993).

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OF TURKU

ISBN 978-951-29-9639-1 (PDF)
ISSN 2343-3159 (Painettu/Print)
ISSN 2343-3167 (Verkojulkaisu/Online)