

Linneuniversitetet

Kalmar Växjö

Master Thesis

How important are digitalization and social media for an internationalization process in present time?

A qualitative study based on Swedish SME companies



Author: Vida Gustavsson

Ramnebrink

Supervisor: Per Servais Examiner: Anders Pehrsson University: Linnaeus University

Semester: VT23

Subject: International Business

Strategy

Level: Master





Abstract

the internationalization processes of entrepreneurship have long been a topic that has interested both entrepreneurs and researchers. In today's society with digitalization tightly integrated in our society, and with the SME business's wide range of e-stores, this study examines the importance of digitization and the use of social media in an internationalization process for Swedish SME businesses. Considering that many of the theories today do not take into account the importance of digital usage, this was a gap that the author wanted to research. In order to investigate this question in the best possible way, the author used a qualitative study where five people were interviewed from five different companies. Based on the empirical collection and literary basis for this study, the author has analyzed the research question and come to some conclusions. The conclusions that this work landed in are the viewing of digitalization and the use of social media as a tool in an internationalization process today, this through both simplifications, but also the possibility of globalization through a screen. Through digitization, you can acquire knowledge of the markets, create relationships and networks, positioning your brand, marketing and sales.

Keywords:

"internationalization" "SME-company" "social media" "digitalization" "relations"

Acknowledgements

I would like to thank the people that inspired me in this particular field and the insight into the research gap that I discovered. Furthermore, I would also like to thank all participants who generously shared insights and knowledge in the research area, where all discussions led to further additions for this study.

Finally, I would like to thank my supervisor Per Servais and examiner Anders Pehrsson for support and additional insights that helped me a great deal on the way to the success of the study.

Linnaeus University,

Vida Gustavsson Ramnebrink

May 24, 2023



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Introduction

1. Background

According to a study by Tillväxtverket (2023), 70% of Swedish SME companies stated that they wish to grow and expand abroad. The internationalization process describes the process that develops a company to establish itself in international markets. Furthermore, there are various strategies that can be used for a company to internationalize. The first step companies usually take is that they investigate the opportunities in the chosen market and then choose a strategy, based on their desired goals and resources (Isaksson et al. 2017). Another additional aspect of internationalization involves an adaptation of the products or service that is expected to be internationalized, this to the local market (Rugman, & Verbeke, 2008). The companies must also understand and adapt to the cultural differences, as well as examine the differences in customer behavior in the newly entered market. This is to be able to adapt both the product range but also the marketing (Rugman, & Verbeke, 2008).

The author Gillmore et al, (2010) describes the importance of digitalization on the expansion process and in particular the internationalization process. The authors describe digitalization as creating the conditions for entrepreneurs to take on new challenges and investigate opportunities in other markets.

In today's society, the concept of "digitalization" is one of the most talked about topics and characterizes a large part of the development. Furthermore, the authors describe Parviainen et al. (2017) how digitalization can be seen as a tool rather, and that this is one of the most evolutionary paradigm shifts that has taken place since the industrial revolution in the 20th century.



Furthermore, the authors believe that digital tools have improved the work process by about twice as much and this has also led to many public sectors, such as the Tax Agency and the National Board of Health and Welfare, switching to almost exclusively digital communication via e-mail and the like. With the fact that digital tools are already so widespread and used in our society today, this means that it almost means a compulsion for today's companies to also operate digitally, this for their own survival. As a consumer, you should be able to find a contact, preferably a website and maybe also read about the products or service online before buying (Isaksson et al, 2017). This is something that has not only simplified for both the customer and the entrepreneurs, but also made the processes more efficient and made the information technology simpler. Some researchers even claim that digitalization and being in this world of internet is a decisive factor for the internationalization process, this especially for smaller companies. The authors even describes the phenomena of internet has led to a world without boarders (Iverroth et al., 2013).

Through digitalization and internationalization's new communication paths, with increased interaction and flexibility, this also means that one can see digitalization as value creation and a part that must also be taken into account within the various internationalization models that are used today (Neubert, 2018). The author also talks about social media as a major influence on the globalization and the ability to communicate and position your company to the world. Madslien (2017) describes that a new world of internationalization and networking has opened up through this. Madslien (2017) believes that social media is not only an important part of the business itself, but also important for marketing purposes. The author Fuchs (2017) also describes how social media today provides increased brand awareness for entrepreneurs, and gives them increased visibility and the opportunity to position their brand. Furthermore, the author claims that social media today is a way to reach a large audience, this as engaging content can make a



company reach an unexpectedly large audience through viral content. Fuchs (2017) also mentions in his study how social media can be used on a relational level, this through network creation, both to customers but also to producers and other interests. Through the opportunity to interact directly with the people, you can also receive direct feedback and build strong connections. An important part of social media, especially for companies that are active with internet sales, it is seen as a tool for advertising and marketing. More than a marketing tool, social media can also be used as a measuring instrument to analyze and get insights of the traffic. In this way, you can also easily change the direction of your digital marketing based on what the audience likes and what is actually working.

1.2 Research gap

This research will examine whether the digitalization and social media is an important part in the internationalization processes for Swedish SME companies.

Based on studies done, both empirically but also theoretically, within the internationalization processes of Swedish SME companies, the authors have been able to see a gaps within the internationalization models and its inclusion of digitalization and social media plattforms. The current literature, for example, Johanson & Vahlnes Uppsala model (2007) have been existing for the past 40 years, and is still a widely used internationalization model and still of great relevance. However, it is important to realize that companies today do not behave in the same way, or have the same conditions as they had back then. In today's rapidly changing society, it is important to also include the tools that are available, for example digitization. In a world where physical distance is not as an important challenge as before, the internationalization processes should adapt. New trends and digital opportunities can be the basis for changes in the existing internationalization processes. This such as the use of social media platforms, which can affect



relationship building and digital marketing opportunities, which are aspects that has a very large impact on the internationalization processes.

1.3 Research question

The research question that this work aims to answer is:

"Is social media and the digitalization an important key-factor in today's internationalization process for Swedish SME companies?"

1.4 Purpose

The aim of the study is to examine how much social media and digitalization matters in terms of today's internationalization process for swedish SME companies. The work examines various cases where the authors investigate whether social media is an important factor in the Swedish SME company's internationalizations. Within each case, the social media activities are examined, as well as the degree of digital use and the influence this may have on their businesses.

1.5 Delimitations

The delimitations that the author has chosen in this study are partly the geographical limitation but also the company sizes, where the study only aims to examine the Swedish SME companies. The study also only aims to examine companies that are either in an internationalization process, or are already internationalized.



2. Literature review

Relations
Internationalization models
Network strategies
Digitalisation

2.1 Relations

Relationships are often seen as one of the most important parts of a person's life and have a major impact on well-being and health. A relationship is when there is an interaction between two or more people. The concept of relationships is to link people together. Linnskog (2007) describes how relationships can have different outcomes, such as social relationships, business or professional relationships. Furthermore, the author describes how relationships are built through interaction, which then further needs trust. Research shows that people who have many relationships in their lives reduce the risk of depression, and increase longevity (Hall, 2018).

In addition to having good relationships with others, the relationship with oneself is also of great importance. Therefore, the author Rook (2015) describes in his report that the importance of committing to the relationship with oneself is a key factor in order to build it further with other people (Holt-Lunstad, (2015).



2.1.1 Social relations

Social relationships and networks are based on interactions within a psychosocial framework, where a possible friendship as well as a framework of emotional exchanges and values is central (Hall, 2018).

A social relationship at work is also more complex, as the work environment takes a center place within a psychosocial framework (Linnskog, 2007). Furthermore, the author describes how work colleagues who meet on an ongoing basis and interact with each other on a day to day basis are more likely to develop social relationships. Within the social dimension of the relationship spectrum, the authors describe how the development of trust increases the more you meet a person, and therefore these often develop in meeting places where the meetings become more frequent (Linnskog, 2007).

Scott (1991) describes in a study mentioned by Holt et al. (2017) how the interaction is a base in all relationships, and that this can be seen as a meaning of trust and emotional development. In addition, Linnskog (2007) describes how social relationships are based on a reciprocity of acting and putting in effort so that both people will benefit from the social relationship. Furthermore, the author also describes the importance of the values and norms being tied together and that the key points within a social relationship and social networks are seen as a mirror of trust. However, it is important to mention that social relationships are a sensitive part and can be very time-consuming to maintain. Furthermore, it can also be easy to break a social relationship. However, the higher the level of trust and confidence, the more likely survival of the relationship can be seen (Linnskog, 2007; Holt et al. 2017)

2.1.2 Business relations



Business relationships are those relationships that are based on the same business goals and that are acquired to, for example, contribute to increased efficiency within the company (Doney & Cannon, 1997). The business relations describes by the author Zaefarian, et al. (2020) as a crucial part for a company's survival, and the authors further argue that this type of relationship can lead to entrepreneurial partnerships, which can benefit the company through, for example, increased sales and better competition.

Even in business relationships, the importance of trust is crucial, in order to be able to do this in such an efficient way good communication is a key. The importance of keeping what you promise increases interest and means that together you can solve rapid changes in business economics and also that the ability to innovate is improved (Grant, 1996). The author believes that by having a good business network, this can also function as a safety net in for example, political fluctuations or if the company ends up in another crisis situation (Zaefarian, et al, 2020). In business relationships, to a greater degree than social relationships, it is very important that there is an exchange between the two actors, and that both parties enter into an exchange of both knowledge and ideas Linnskog (2007).

However, there are also negative parts to the business relational part, this as they can be perceived as "too social to be business" and forget about the actual transactional aspects (Poppo & Zenger, 2019). Furthermore, the authors describe how it can be too time-consuming and therefore reduce productivity and prevent other business from taking place. There is also a great risk that the personal relationships make it an influencing factor on the business side, which can cause, for example, unhealthy behaviors in the business and that in this way one possesses insufficient professionalism. If you are overly social in your tone, this can make you not necessarily choose the best business partner, but rather the closest one in your social network (Lee et al. 2019). It is therefore very important that in order to have a



functioning business relationship, the parties should learn each other's needs and limitations, as well as be clear in the development of the relationship so that this takes place in a mutual way with investments from both sides.

Below, the author Linneskog (2007) describes how business relationships developed:

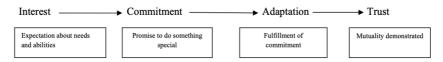


Figure 1: Business relations, retrieved from Linnskog (2007, ;155)

2.1.3 Inter-organizational relations (IOR) of business relations

Inter-organizational relationships (IOR) is a form of business relationship that includes collaborations and partnerships between two or more organizations - so you can call this "relationships between organizations". IOR can take many different forms, such as outsourcing of its operations, supplier, or collaborations (Dussauge et al, 2020).

IOR is a way for organizations to collaborate to achieve their common goals, and can be both beneficial and challenging. By cooperating, organizations can be helped to share knowledge between them, but also to help each other if problems arise. IOR can lead to many positive things, such as increased competitiveness and access to more knowledge (Johnsson & Vahlne, 2009).

However, for IOR to work effectively, it is of great importance that there is mutual trust and confidence between the companies, and also that all parties invest in keeping the organizational relationship alive (Dussauge et al, 2020).

Ring & Van de Ven (1994) described in their study how in professional businesses you cannot only rely on intuition and trust, and that personal



relationships should not complement formal relationships. If this happens, the authors describe that the formal and informal processes are mixed and make the probability that an IOR will fail very high. It is also important, from a professional point of view, not to believe that informal psychological contracts can replace formal contracts in entrepreneurship (Ring & Van de Ven, 1994).

2.2 Internationalization models

The authors Johansson and Vahlne (2009) describe the meaning of the word "internationalization" as *when a company develops its operations outside the foreign country*. This can include both, buying products from an international producer, or to actually sell your product to another country.

2.2. The Uppsala model

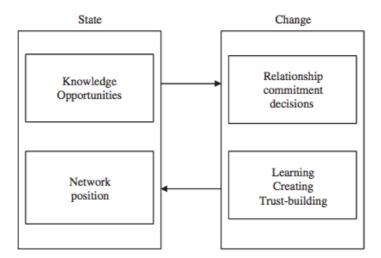


Figure 2: *Business Network model of the internationalization process* (Johansson and Vahlne, 2009)



Johansson & Vahlne (2009) developed in their study a model for international business that describes the importance of networks in order to develop within the international business opportunities that the company possesses. The Uppsala model describes the internal resources such as technical expertise, financial resources and human resources. Furthermore, the authors also talk about customer- and supplier-oriented relationships. These refer to the company's existing customer and supplier relationships. These relationships can be of great benefit in finding new international business opportunities, as they can give the company access to new markets and new customers and help each other network (Johanson & Vahlne, 2017). Furthermore, the institutional relations involve the company's relations with institutions, such as the government. This is also seen as an important part when a company has to navigate internationally, that you have a network of contacts that also extends over the institutional relationships (Hohenthal & Johanson, 2019).

Lastly the authors (Johanson & Vahlne, 2017) describes informal relationships, which include personal contacts, and networks with people who are in the same industry or the same geographical circle in which your own company operates. These informal relationships can be more valuable than one might think, as information about, for example, market conditions and additional business opportunities can be exchanged.

Johanson & Vahlne (2017) also describe in their study the importance of understanding how these different types of relationships also come together and that through this you can build a successful international business. Furthermore, the authors point out the importance of building trust and long-term relationships with all parts within the model.

However, Yamin (2013) points out the importance of, for example, product differentiation, market analysis, and marketing strategies for successful



international expansion. Furthermore, the author questions the importance of the digital spectra to this model with the insight that the uppsala model does not address what globalization and the technological changes in society may affect the internationalization processes.

2.2.3 Strategic planning as an entrepreneur

The author Namaki (2008) describes in his study how essential the process of planning is to get a successful internationalization. Furthermore, the author also describes the importance of having goals and strategies to reach your goal, this over both short and long periods. The author points out how this is seen as a great advantage for the entire organization, as you get an increased focus and you take the plan more seriously.

Strategic planning also includes the logistics, knowledge of the market, laws and other important things that come with an internationalization (Kellermann et al.,2019). To get an successful internationalization the company is required to check the different laws and regulations, and also how people in that country are used to get presented the products they are buying online. In the EU countries it can for example be high fees for not following the GDPR- law that secure the shoppers personal contacts (Zott, 2019)

Another important key factor regarding the strategic planning as an entrepreneur regarding internationalization, is the logistic parts where the company should be able to ship the products without complications. Here it's important to for example count in taxes and customs fees that may occur (Luke & Verreynne, 2006).

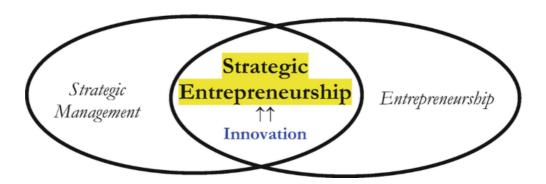
Another important aspect to have in mind when doing your strategic planning is to make sure that the customers have secure payment methods, and check-outs from your site. Different countries may have different



payment methods, which can be crucial in the internationalization processes for the company Baron & Tang (2019).

Luke & Verreynne (2006) also describe in their study how it is debated whether strategic planning is one of the key factors in achieving a successful process of your business expansion. Furthermore, the authors believe that it is, with the thought that the strategic planning may be one of the most crucial parts in the internationalization processes.

Coccia (2021) describes in his study how the increased strategic planning also leads to greater extent of innovation. The author demonstrates this through two circles that go into each other and where both have a beneficial influence and leads to a more innovative strategic entrepreneurship.



Figur 3: Strategic entrepreneurship, retrieved by Coccia (2021)

2.2.4 Network theory

Network Theory is a theory in international business research developed by Johanson and Mattsson in the late 1980s. The theory focuses on how companies establish and develop relationships with other companies, institutions and individuals in different parts of the world (Johanson and Vahlne 1990).



According to "Network Theory", it is important to understand how companies build relationships and networks at different levels, including the global level (for example by using international rules and agreements), the national level (for example by having a strong local network) and the the individual level (for example by having a strong personal relationship with a key person in another organization) (Johanson & Mattsson, 1988).

An important aspect of "Network Theory" is that companies not only have transaction-based relationships with other companies, but also develop relationships based on trust, shared values and long-term cooperation. These relationships can give companies access to resources, knowledge and experience that they would not have had otherwise (Lumpkin & Lichtenstein, 2019).

According to Johanson and Mattsson's (1988), corporate internationalization can be seen as a process consisting of three stages: international expansion, penetration and integration. International expansion is about building relationships to enter new international markets.

Penetration is about increasing the already existing relationships and work on the sale part. Integration means that the company has established a strong presence in the foreign markets and integrates its operations on a global level.

2.2.5 Liability of foreignness

Liability of foreignness (LOF) describes the challenges a company may face when expanding into international markets. LOF describes extra costs and ignorance, as well as cultural differences as a major problem when expanding to foreign countries. The authors Li & Li (2020) talk about language barriers, business practices and also differences in regulations and laws as a big challenge that you have to have control over to reduce the risks



of failure when entering a new market. Li & Li (2020) also describe customer understanding, and the relationships and positioning of the company as an important part, where, presentation of products for example can differ a lot between countries. Subsequently, it is also important as a newly established company to have good market knowledge overall, as this is the biggest challenge according to LOF that foreign companies face when establishing.

The authors Fang et al. (2020) describes how it can be seen that foreign companies in a new market can also attract skepticism and that it is crucial for a successful establishment to have relationships and networks that can help the company navigate and position itself in the right way. This is because building trust and making the customer feel safe is essential for the company's survival.

However, Minbaeva et al. (2020) also describes how LOF is not an insurmountable part, but is something that companies can take with them as knowledge in order to successfully process the challenges throughout the strategy work, and to adapt to market conditions.

2.3 Digitalization

2.3.1 Digitalization and its skill requirements

Vieru et al. (2015) describe in their study the importance of digital competence and consider this necessary for a company to be able to use the digital tools and present itself online in the most advantageous way possible. Furthermore, the authors describe the basic essential knowledge:



- Basic IT knowledge, this in order to be able to use digital devices and software.
- Knowledge about digital marketing
- Being able to use digital tools and platforms for communication
- Being able to use digital tools for creativity and idea generation.
- Being a critical thinker regarding the information you are exposed to.
 Who wrote this? Why?
- In terms of security, to have knowledge of digital integrity and protection such as, virus protection and protection of one's personal data.

Vieru (2015) has, in addition to the above digital competence proposals, also come up with a framework for SME companies that also takes into account entrepreneurship, with limited resources. Within this framework, four different main categories are depicted where technical, information, strategic and communication skills are considered and included.

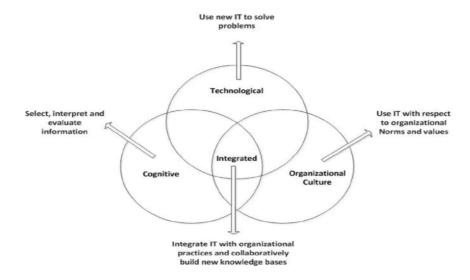




Figure 4: Framework within digital competence for SME companies. Source: Vieru et al. (2015)

Within the technical competence, the basic knowledge of hardware/software and other technical terms are described which are important for both understanding and being able to use them. Information competence includes the ability to gather and organize information. Communication competence is about being able to communicate through, for example, e-mail and social media. Lastly the strategic part is about being able to identify opportunities and tools to reach the business model you want (Vieru et al, 2015). The framework is made so that SME entrepreneurs can be as competitive as possible within today's technology, despite their perhaps limited finances and resources (Vieru et al, 2015).

In addition to Vieru et al's (2015) thoughts on digital competence, the British author Doug Belshaw (2014) also describes the importance of digital competence, but mainly focuses on how this develops. Buchem (2012) describes the importance of using digitalization as an element for business development, which also strengthens Vieru et al's (2015) model in his views regarding data competence.

2.3.2 Internationalization through digitalization

Internationalization through digitalization means how today's digital technologies make it possible for companies to operate internationally, for example through e-plattforms. Today there are several ways for a company to operate digitally, perhaps not only as e-commerce but also within video conferences, social media and to create a brand positioning (Sharma & Yetton, 2015).



The Internet is a global platform where the whole world has access to operate and communicate with both companies and individuals, customers and producers. In addition to interacting and communicating, the internet is also used to position oneself and one's brand. Today, social media is a large part of the positioning for a company, where you can communicate on different platforms via both images, text and videos (Kozinets & Hampton, 2022). In addition to the digitalization's opportunities for communication and brand positioning, the internet also acts as cloud management where you can store data, as well as manage information that can affect your business on the internet (Kozlenkova et al., 2017).

Becker-Ritterspach, & Bruche (2019) describe in their study how the internet has also become a form of globalization where you can internationalize via e-commerce with both products and services directly. The author also describes the phenomenon of digital marketing and describes how this is a tool to get as many people as possible to see your product or service. In today's society with digitalization as a tool, this opportunity has become endless and companies takes different ways (Kozlenkova et al, 2017). Some of the most used tools in digital marketing are: influencer marketing, SEO (key word optimization) and Ads. In addition to the internet enabling marketing, the internet is also seen nowadays as a platform for trade. Today, many SME companies are established in several different countries through online stores. With a company that is an e-commerce company, the marketing and positioning is one of the key factors for success. This can be done via social media platforms, where you can market specific products or services to reach a selected target group, this by using ADs (Becker-Ritterspach, & Bruche, 2019).



2.3.3 Influencer marketing

Today, influencer marketing is a new form of marketing that is directly linked to social media platforms. Influencer marketing means paying a profile with great engagement and who has a target group that your brand wants to target (Brown & Hayes, 2018). This is a very effective way to create engagement around your brand, and also to internationalize and enter new markets. By sponsoring an influencer in a particular country who promotes one's brand and product, this creates sales in the country, as well as spreading the brand further via word of mouth (Becker-Ritterspach, & Bruche, 2019). In an influencer marketing collaboration it often involves the influencer advertising the product and getting paid for this, but in some cases, depending on how large of a following base the influencer has, it may be enough for the influencer to receive the product or service to do the advertising. Advertising often takes place via video, or images that appear on their social media. However, it is very important as a company to analyze which influencers you actually choose to work with, as this can be seen as a positioning of the brand (De Veirman, et al., 2017).

2.2.4 E-business

Servais et al. (2007) describe in their study how e-business can be seen as a business tool and how, with the internet, national borders become less relevant, and instead networks and interactions now are central meanings. Furthermore, the authors Zinkhan & Watson already described in 1996 how the internet could become the most important key factor for SME entrepreneurs and how SME companies previously mostly operated on the local markets, while with the use of the internet they now have access to a whole global market. Zinkhan & Watson's theories regarding the internet became a reality and today there have been a number of new internationalization terms such as "born global" which is companies that are



born as internationalized (Knight and Cavusgil, 2022). Some argue that the Internet's impact on SME companies has blurred the line between MNC companies and SMEs. This is mainly due to the large impact of SME companies on global e-business activities. Not only that internationalization in terms of online sales and reaching out to potential customers, also internationalization through making contact with suppliers and other partners in a simpler way. The author Petersen et al. (2002) describes in his article "the borderless marketplace" which he describes the effect of the internet as. Furthermore, the author talks about three hypotheses within his theory "ebusiness and its internationalization" where he first of all points out the limitation in experience which can be a part that can make the internationalization process difficult for SME companies. With a combination of knowing the "real" internationalization models, and how a process works, you can use the internet as a tool to put this into practice as efficiently as possible. An additional part that Petersen et al. (2002) describe in their study, which the authors Rialp and Knight (2019) also emphasize, is the importance of internet knowledge and being able to handle the internet as the tool it is. Today, the internet and digitization are a large part of many people's lives, but from this to actually being able to use the knowledge within an internet internationalization process and managing an e-platform is also a challenge.

Petersen et al. (2002) describe in a third approach how they believe that the globalization and digitization of the Internet will be pulled back a little, this because of cultural and that the "borderless world" will turn out to have actual limits when it comes to culture, language barriers and logistics. In order to overcome this, and to continue to be able to use e-business as an aid to internationalization, a combination of real knowledge about the market is required (Petersen et al, 2002). The Internet is not only an effective marketplace for sales and communication, it is also a great cost limiter, as



costs are reduced in testing/physical visits. Also, the communication costs of doing business abroad have been drastically reduced.

4.0 Conceptual Framework

Through the literature review, the authors have been able to see some key factors in the internationalization processes. The theories shown us that there is a high demand for the willingness for SME companies to internationalize. It also showed the importance of communication and relationship building, such as the importance of digital competence. As digitization increases, this also affects network processes, social media and online positioning through the digital platforms. With the great influence of digitalization and social media in today's business world it is seen as both a networking tool, a positioning key, and relationship builder. The framework shown below implies a connection between the above theories, and shows how social media and digitalization is an entrance to a globalization with limitless interactive opportunities for relationship building.

Based on the empirical findings of this study these concepts have a correlation with each other that has been seen in the analysis. An internationalization process in present time and the integration of digital tools to use the previous internationalization theories in today's digital society. The concepts below are connected in such a way that the basic digital knowledge means that you can use tools to acquire market knowledge, as well as increase your communication channels and thus also the relationships. This can be done with social media and digitization as tools, in order to then achieve successful internationalization.





Figure 5. conceptual framework

5. Methodology

The following chapter will justify the method that is used to conduct the research, and also define the methodological terms and describe its relevance to the author's research.

5.1 Choice of research

Based on the different research types - qualitative and quantitative research strategy, a qualitative method was used to collect information from five different case companies. This to be able to interpret the participants' experiences and to gain an increased insight on a deeper level with interviews (Bryman & Bell, 2017). The qualitative method is considered by the authors to be a relatively flexible method where, during an interview, you can immerse yourself in specific content. The purpose of this study is to



investigate how social media and digitalization can have an impact on the internationalization process. This is achieved by using a qualitative approach with semi-structured interviews where the analysis is primarily based on the respondents' perception and answers. The author Harboe (2013) describes in his study how perceptions are not something that can be measured or generalized, and therefore the authors of this study felt that the most optimal study method to apply for this study was the qualitative method, this for an increased in-depth understanding within perceptions .

5.2 Deductive or Abductive research approach?

Bryman and Bell (2017) describe in their study the different research approaches and how these are used practically in different researches. The authors describe the deductive approach as "the path of proof" where you first have a hypothesis that you examine in reality. The inductive approach, on the other hand, means that you follow the "path of discovery" where you accumulate your empirical data and study your question in order to then apply the appropriate theory. Furthermore, there is also a theory called abduction which is considered a mixture between deductive and abductive approach. This method is a mixture of the above-mentioned approaches where the researcher does not have to feel limited but can effectively explore the research topic (Ramli et al, 2021).

In this study, the abduction approach is used, where the authors have first gathered information based on theory within the chosen study subject, in order to be able to design as relevant interview questions as possible for the participating respondents. At the same time as the study's empiricism is based on interview questions where free answers are given which are the basis for the study's analysis and discussion (Meyer & Harrison (2021).



Therefore, the research approach abduction is the most relevant for this type of study, this as you can both gather information from previously, but also has respondents who give free answers, which will be of great relevance for the study's discussions. Bryman & Bell (2017) also describes in their study how authors using an abduction approach should be prepared for new surprises during the work path which will give them an in depth insight into the studied subjects.

5.3 Data

The data of this study has been collected through primary data. The primary data comes from interviews of our respondents from the case companies that the author chose to investigate. Meyer & Harrison (2021) describe this type of research study where you first collect secondary data and then collect your primary data as the best technique for a qualitative study. The authors Bryman & Bell (2017) also describe in their study the advantages of collecting primary data with the ground in secondary data. This because it saves time and also gives a broader picture of the research area as a lot of information is accumulated. However, there are also risks regarding the complexity and also that one should be critical in choosing which secondary sources one should use.

The primary data, on the other hand, is adapted to the formulation of the problem and then the respondents and interviewees are selected. This type of information gathering is very effective and gives an in-depth picture of exactly what you want to investigate. However, the disadvantages are that it is a time-consuming process (Bryman & Bell, 2017)

5.4 Collection method for the primary data



There are different types of interviews that can be used when collecting primary data with a qualitative approach. Bryman and Bell (2017) describe the structured interview form where the respondents answer predetermined questions, and the interviewee takes notes. Furthermore the author mentions semi-structured interviews, which perhaps is the most used when it comes to qualitative studies. A semi-structured interview means that the interviewer has a list of the specific areas to be covered, and with questions regarding these, but that the respondent has the opportunity to answer the questions in their own way. Questions that are not covered in the interview guide can be included, and they do not have to be asked in an exact order either.

In this study, semi-structured interview methods have been used to investigate the impact of social media and digitalization on the internationalization process. Even when predetermined questions were asked, there was a lot of space for the respondents to give the answers in the way they wanted, and there could also be follow-up questions that were not included in the questionnaire from the beginning. This was considered by the authors to be an effective way to get as reliable an answer as possible. The same questions were asked to all case companies, this in order to be able to use the answers in an analysis and conclusion with as high reliability as possible.

5.5 Selection

The author based the selection of respondents on the fact that the interviewees must contribute credible and reliable data. In order to achieve this, the authors chose to primarily interview founders or people familiar with marketing within the company or people who possess extensive knowledge within the study's question and can therefore contribute with reliable data. The author Alvehus (2013) describes these as strategic selection, which means that the authors select their respondents based on professional role and expertise.



In order to find suitable respondents for case studies, the authors should be selective in the process. In this study, the authors have taken into account various criteria to select their respondents. The criteria included: The size of the company, as the study is limited to examining only SME companies. The company's country of origin, i.e. companies that have their startup in Sweden. And also companies that either are in an internationalization process, or that have already internationalized. This study includes companies from different industries. It was also important for the author that all companies had the opportunity to participate in interviews in close time with each other, this so that the author had the interviews fresh in mind and the transcription were written near in time. However, with the criterias of the study, interviews were conducted with 5 different companies that met the desired criteria. Since this study concerns both internationalization and the influence of social media and digitalization, this means that the question concerns several areas. Therefore it was extra important choosing people who have a great insight into the company and not just their post in the work chain.

				Length
Interview	Company	Work role	Method	(minutes)
1	Commons	Farmdan	Physical	A mm 10 × 60
1	Company A	Founder	meeting	Approx. 60
2	Company D	Marketing	Phone call	25
2	Company B	specialist	Phone can	35
3	Company C	Founder	Phone call	38
	Company	F 1	DI II	4.1
4	D	Founder	Phone call	41



5 Company E Founder Phonecall 32

Figur 6; Selection. Made by author

5.6 Conduct of interviews

The interviews were done in such a way that the authors first contacted the companies and asked if they wanted to participate in a master's thesis where the study aimed to investigate the importance of social media/digitalization in the internationalization of SME companies. Furthermore, an interview time was determined that suited both the author and the respondents. The author had determined a time span in which willing respondents to the work would be interviewed within, this in order to be able to design analysis and conclusion work in the best way. All respondents were asked about if it was possible to have an physical interview, however, $\frac{4}{5}$ chose to take phone interviews rather than a physical meeting, this due to geographical distance limitations, or caution regarding the spread of diseases. However, one physical interview and four via telephone were held.

During the first interview (the physical interview) it was asked if there was the possibility of recording the conversation, however the respondent advocated only written transcription while the conversation was in progress. This was also laid as a basis for further interviews where the author transcribed the interviews by writing during the interview. There are both advantages and disadvantages to the recording type of documentation, partly because during a recording the respondents can become cautious with their answers when they know they are being recorded, while at the same time it gives the opportunity to go back to the interview and listen if necessary. During these interviews, follow-up questions were asked if necessary, partly to gain a greater understanding of the respondent's answers, but also to get as much information from the respondent as possible regarding the questions. The transcription took place during each interview by the writing method,



which made it possible to start the analysis of the answers faster and to keep it fresh in the memory, as well as reducing the risk of misunderstandings.

5.7 Systematic literature review

The main selection of the secondary data has been used through a systematic literature review in order to cover the aspect that the authors wanted to find. Most of the articles used in this paper are published articles found on ONE-search, accessed by the Linnaeus University homepage. The author collected information regarding the objective of this thesis and therefore to sort and search in an effective way - key words were a good way to find the most relevant articles for this thesis.

The figure below shows how the authors used keywords to gather literature through a systematic literature review, this to reach to most relevant and important data, which is a basis for this work.

Data base	Keywords	Number of articles identified
LNU /Google scholar		
One		
Search		

Digitalization in the internationalization processes	330
Digitalization	298
Globalization	58
Challanges	30



Social media	32
SME companies	26

Figur 7; Systematic Literature review. Made by author

The author first inserted the digitalization in the internationalization processes, and then added the keywords for a more slim result. Furthermore the author used 26 articles through this systematic literature review.

5.8 Potential criticism of the primary data

As mentioned above, most of the interviews were conducted via telephone, which means that you do not get access to body language or facial expressions, which can be a large part of a person's way of expressing themselves. A further potential risk with telephone interviews can be that the respondents themselves choose the environment in which they will hold the interview, and can therefore be affected by environmental things, such as disturbances or even being interrupted. In interviews and the collection of primary data, there is also always a risk that the respondents embellish their answers, and it is difficult to determine how close the answers are to the truth. However, with this study's interview questions that is about concrete things such as internationalization processes and the use of digital platforms, there is not much room for the respondents to lie, as the authors also check their social channels and online activity.

5.9 Operationalization

With the abductional research approach, it is important for the author to have concepts that are operationalized, which means that one must be able to



measure or observe the collected information and then be able to theorize it (Saunders, et al. 2009). Operationalization as a word implies how one interprets the study material that has been examined, this in order to be able to find the material in the empirical work that one is actually looking for (Ekengren & Hinnfors, 2006).

In this study, the author has divided the study into different variables to structure the connection between the theory and the empirical work. In order to acquire information about the company's internationalization process and the influence of social media in the most efficient way possible - this linked to the literature, the interview questions have been divided into different concepts. These concept are: -> information about the company -> the company's internationalization process-> the use of digital platforms in terms of social media -> Supplier chain- > Relations.

Category	Interview question
Company information	1. an you tell us a bit about Company A and how the company came about?
Internationalization	2. Low did you see internationalization at an early stage?4. What challenges do you see when it comes to expanding internationally?6. How do you decide which countries to enter?



The use of digitalization and social media plattforms	4. How do you use social media to reach your customers and marketing your company? 5. What role do you think social media will play for your company as you continue to expand internationally? 3. How important do you consider digital competence in the internationalization process?
Supplier chain	7. Have you had foreign suppliers or producers connected to your company before?8. Do you see this as internationalization or do you count your internationalization in terms of sales only?
Relations	9: How do you see the importance of relationships in an internationalization process?10. Both in the form of relationships within the company's network, but also internal relationships within the company?

Figur 8; Interview Questions. Made by author

5.10 Reliability, Validity, Triangulation & Objectivity

Reliability, Validity are two widely used concepts in research and methodology. Validity aim to assess the quality of collected material and how these actually agree with reality (Bryman, 2016). Reliability is the meaning of how well the study can be repeated and get the same result. The concept of the measures is seen as the reliability, while validity on the other hand describes how well the research has been done in terms of what was actually wanted to be researched on, and if the empiricism is what was actually wanted to be investigated (Creswell, 2013).



The reliability of this work has been designed based on a clear process where the author has accurately described how the sequence of events during the study has been examined. This with both theory gathering and interviews. In the way this study is done with interviews at case companies and that the empirical data is collected though primary data, this means that the reliability is high and that you can repeat the study and get similar results. What can affect the reliability can be the development of digitization, which can change rapidly and that in this way you may get different results.

The validity of this study is divided into two categories, the intern and the extern.

The intern validity of this study is done by the author accumulating empirical evidence during the the interviews. The researcher has used critical examinations and comparisons through a review of the sources. Furthermore, the author has compared the primary data with each other, this in order to be able to draw conclusions within the chosen topic. The internal validity is used to investigate whether there is correlation between independent and dependent variables. Throughout the theoretical frame and collected empirical evidence, the author analyzed the study's problem discussion and research question, this to gain an increased understanding of the problem aiming to examine (Teddlie & Tashakkori, 2018) The author also estimated the extern validity to be high, this as the author chose SME companies from different industries, which means that it can be considered useful in other similar contexts as well. However, it is up to each reader to make their own assessment of this.

Triangulation, which means seeing the question from several different points of view, was also an important part of this work (Teddlie & Tashakkori, 2018). The triangulation that the author applied in this study was to interview the right people, where several of them had different relationships to the



problem that the author intends to investigate. The triangulation was also taken into account during the analysis, this when the author made a general conclusion by comparisons between the primary data to get an broader picture.

Objectivity can be one of the most important parts to have as strong credibility in the work as possible and is a part that the author took very seriously. Objectivity means that one does not work to reach a specific result, but that the work is unsurfaced and that the conclusions and analyzes take place within the theoretical frame of reference, in conjunction with the collected empirical data.

5.11 Ethics

Bryman & Bell (2017) describe in their study the importance of following the ethical guidelines when outforming a thesis. This study is done based on the ethical guidelines of anonymity, that it has been done voluntarily, integrity, and confidentiality. Today, there is also laws, such as the data protection regulation and the GDPR, which require a certain ethics in the handling of personal data, which the author must adhere to (Müller & Kerber, 2021).

In this study, it is not necessary to describe the respondents by name or other information that can inform the reader about who the respondent are. At the time of the interview, the respondents were also informed about these criteria, however, none of the respondents had a problem with participating and that their name or company name could be presented. The collection of the material is also only intended to serve the purpose of this study and will not be processed in other contexts.



The respondents have also taken part in the transcription, this to ensure that the author understood the answers correctly. All respondents were subsequently presented to the transcription, and all were satisfied and believed that the transcription and understanding took place correctly. The authors Bryman & Bell (2017) describe this part as extremely important in the ethical aspect, this also to ensure validity and reliability.

5.12 Methodological criticism

As this is a qualitative study, a potential criticism of the method is always that there is a risk that the respondents did not answer correctly to all the questions that were asked. Therefore, it is important to be aware that the basis of the analysis is based on this information, and that this therefore reflects the respondents' experiences and answers.

A further potential methodological criticism directed at the selection of interviewees may be that the respondents can be seen as a convenience sample as they are taken from the author's contact network. They are selected with a limitation to Sweden as the starting country and due to the limited time, the author chose to limit to five cases. An additional problem which is up to each reader to decide independently, may be that the companies do not possess sufficient knowledge regarding internationalization, and can therefore be seen as a weakness in the empirical work.

Criticism that can be seen towards the choice of theories can be whether it is a sufficiently comprehensive theory part to be able to draw generalizable conclusions. Another potential criticism could be that it may be considered particle, as it is the author who has chosen which theories to be included. The credibility of the literature is also something that is measured based on the methods mentioned above, but it can be difficult to determine this completely. This is because no source is completely objective, but rather



different perspectives are presented. There is also a risk of missing out when using a systematic literature review and keywords.

Measuring the importance of social media and digitalization for the internationalization processes can also be perceived as difficult to measure, as it can affect various variables that this study does not examine, which may also have an impact on internationalization. When measuring value, such as the importance of social media, this can also be experienced as a difficult thing to measure, as it is a matter of personal preference.

6. Empirical findings

In this part of the work, the empirical data acquired by the selected companies is presented. These cases form the basis of the study's analyze and conclusions. The chapter will start with company descriptions, followed by their internationalization processes, their views on the importance of social media and digitalization and lastly the importance of the relational parts for the company.

These empirical findings are based on conducted interviews. The respondents are considered representative of their company.

In order to be able to answer the study's research question as comprehensively as possible, the authors have used five case companies that have been selected, all of them Swedish SME companies that have internationalized or are in an internationalization process. All companies sell products. The companies are anonymous and will be referred to in this



thesis as companies A, B, C and D.

6.1 Company A

Company A is an e-commerce platform that was started in 2002 in Kalmar and offers products in home furnishings and lifestyle. The company still has its head office located in Kalmar and is today a global company that are located in many different countries. In addition to its e-commerce, the company is very active in blog/lifestyle articles to inspire people with sustainable thinking in home furnishing. The company has, worked with several different organizations, such as the well-known WWF. In addition to existing as a website, Company A also has its own app where direct customer interactions are possible, as well as orders and blog/inspiration texts. The app is available in several different languages so that it should be possible for all consumers who shop at Company A.

Company A is an e-commerce platform that offers high-quality products for home decor and lifestyle, with a strong focus on the environment and sustainability. With a wide range of products from well-known brands and designers, and with good customer service and an inspiring blog, Company A is an ideal destination for anyone looking for products that are both stylish and durable.

Interview with Respondent A, founder of Company A:

Question: Can you tell us a little about Company A and how the company got established?

Respondent A: Absolutely! Company A is an e-commerce platform that sells scandinavian design and interior. We were founded in 2002 with the aim of making Nordic design available to a wider audience all over the world.



Since then, we have grown into one of the leading retailers of design on the internet. Our vision when we started the company was precisely to focus on internationalization and a completely new way of doing business. In 2002, e-commerce was not common, so we were ahead of our time, which meant that we had difficult years in the beginning. But with the expansion of the Internet, we also expanded, which has been an idea we have had for a long time that the increasing use of the Internet increases our relevance

Question: Company A have really become a major player in your niche. How did you view internationalization at an early stage?

Respondent A: Internationalization has always been a big part of our plan from the very beginning, not to operate only in Sweden. Today, we are located in several different countries, with a large turnover in for example Japan. Our plan and how we worked is that we have made 2 new sites every year since 2005, this to establish a broader internationalization. Today, we are therefore a fairly large company that has expanded a lot, especially during the last 5 years. However, we continue to work our way forward with the expansion and internationalization, where we continue to launch new sites in new markets each year.

Question: How important do you consider digital competence in the internationalization process (Coccia, 2021) (De Veirman, et al, 2017)?

Respondent A: One thing we look at a lot when internationalizing is the data maturity in the different countries and how the growth of data usage looks like. For example, there is automatic growth in southern Europe, with 50-100 percent every year, which we see as a great asset as you get "free" development and relevance.

We basically started as a born global company and took advantage of the "PC effect" as we call it, (the beginning of the use of data) to get economy in it.



At first, you could almost say that the US was our main market, as data maturity basically came first there. Our logistics started with Post Nord and UPS, which were nevertheless good solutions for being in a starting phase, this despite long waiting times for delivery. However, people were not so sensitive to delivery times back then (around 2004-2010), this was when e-commerce was still relatively new and people expected to have to wait a bit for their goods. Gradually, however, customers demanded shorter delivery times and then logistics became a challenge.

One reason why we also became relevant at an early stage was that we understood early on how google worked, and google's keyword optimization and that you could get to the top of the "google shopping". Back then it didn't cost anything and was therefore a huge asset in the beginning for us to make a name for ourselves with.

Question: What challenges do you see when it comes to expanding internationally (Johnsson & Vahlne, 2009)?

Respondent A: One of the biggest challenges is understanding the different markets and their logistics. An example of this is Japan, which has a completely different payment system to what we are used to. In the beginning when we did not have this type of payment solution, this affected our sales enormously. After acquiring an agent/contact person who knows the market and its "must haves" we were able to adapt and expand. In a country like Japan where word of mouth is central, it is extra important to have good consumer relations, and knowledge about culture and and how their interactions/marketing works with companies. Each country has its own trends and preferences when it comes to design and interior design, so it is also important for us to adapt our range to each market.

Some years ago we got this in first hand experience when we got a huge fine in Germany of half a million sek due to the fact that there are completely



different laws than the rest of Europe regarding payment solutions. This is something that is an important part for us to learn from, and perhaps what we see as the biggest challenge regarding expansion to other countries - learning laws, regulations, preferences, logistics and the like.

The main challenges that we see with expansion can be said to be: payment methods (to have safe payment options that the inhabitants of the country feel safe with) to convey security (that people feel that they actually receive the goods that they order), to have functioning shipping methods with low delivery time, and the understanding of "how does the market work?" "Can we adapt ourselves and the website to how the country is used to being presented e-commerce platforms?" "How is product description designed in this country?" We have also seen that in some countries, for example the Nordic countries, it is important for consumers that the page and the sale take place in local currency, so that there is a big difference between which of the European countries one should actually take.

Question: How do you use social media to reach your customers and market Company A (Kellermann et al, 2019)?

Respondent A: At the beginning of Company A's journey, social media was not a central marketing part for us, because it did not exist or people did not use it. Furthermore, people started to use Facebook and then we had to operate where the people are on the internet. This is also how we think with our internet marketing today - to operate where people are active. Today, Social media is an important part of our marketing strategy with channels such as Facebook, Instagram and Pinterest to showcase our range and inspire our customers. It also provides an opportunity for us to engage with our customers and build strong relationships with them. We believe that social media is an important factor for success on the international market, this is because people find us as a platform. A large range of our traffic actually comes from both Ads and influencer marketing.



Company A was still very early when it comes to influencer marketing, this as the bloggers of the time were very well known, and that Company A even then sponsored to be mentioned by famous people or influential people in various ways. At that time it was free to sponsor in this way, and just costed the company the worth of the products. Today it is a whole branch of work where influencers today make a living by charging for the marketing of products and services. However, we see that, for example, in Germany, where we are a major player, it is also important to be in newspapers and invest in traditional marketing such as, the magazine Sköna Wohnung.

We values the influencers we work with very high, and has first hand experience in how it can be when sponsoring a person that doesnt goes along with the companies core values. This is a problem that can be seen in a large extent today where influencers and companies easily can be canceled, this by saying or promoting in a way that the audience doesnt like. Some years ago we sponsored a swedish influencer, that after a time got "cancelled" or at least very questioned by her values and thoughts, and this actually affected our brand a little bit back then.

Question: What role do you think social media will play for Company A as you continue to expand internationally (Kozinets & Hampton, 2022)?

Respondent A: We believe that social media will be an important factor for our continued international expansion. It gives us the opportunity to reach out to potential customers in different markets and build strong relationships with them. We will continue to invest in our social media presence and use the channels to inspire our customers and build our brand identity. We were forerunners of influencer marketing as we worked a lot with bloggers such as lifestyle bloggers, which is a marketing strategy that we will continue to work with, although now mainly moved to social media instead of real blogs.



Question: How do you decide which countries to enter (Johnsson & Vahlne, 2009)?

Respondent A: We choose a lot about the choice of country regarding both how our interior design fits in, and how the demand looks for Scandinavian design in particular in the country. But also how internet sales look in the country. We have worked a lot in that way where we get a natural expansion of the increase in internet usage in the country. This can be seen, for example, in Spain, which within Europe has had a relatively low usage of internet commerce, but which is now expanding strongly in this particular area, especially with covid as a driving factor. With covid, this also gave our business a huge push forward, and our turnover rised heavily.

Again, data maturity is central to our internationalization in whichever country we choose to expand to. As previously mentioned, there is automatic growth in southern Europe, with 50-100 percent every year, which we see as a great asset as you get "free" development and relevance. We also see the same type of development in the Asian countries, for example Korea and Japan.

Question: Did Company A had foreign suppliers or producers connected to the company before? Do you see this as internationalization even then or do you count your internationalization in terms of sales only (Servais, 2007)?

Respondent A: From the very beginning, we have had several different brands linked to our website, most of which have been international, but also locally produced brands from Kalmar. Of course, you can see this as an internationalization in itself, that you have several international suppliers. In terms of the "internationalization process", this may actually have been something that facilitated our internationalization that we work with several



already well-known brands such as ScandiLiving, Marimekko, Kaj Bojessen and others.

Question: How do you view the importance of relationships in an internationalization process? Both in terms of relationships in the business network overall, but also internal relationships within the company (Doney & Cannon, 1997)?

Respondent A: We take a very seriously in the believe of good relationships both with employees and other stakeholders. One part that is very important to us is that our resellers and we must have a very good relationship and agree on profits and other contracted agreements. For us its extremely important that everyone is happy with the deal. This is a large part of our work, to maintain the relationship, as well as to acquire new relationships with prospective partners. The internal relations are also very important in the form of employees. We consider every person equally important, from customer service to the CEO.

6.2 Company B

Company B is a Swedish-based company that sells energy drinks, food supplements and power bars. The company was founded in 2010 in Stockholm, where they still have their headquarters today. Today, Company B is one of the largest players on the market with several different flavors and their product range and are used by both athletes and others.

Today, company B is spread internationally with presence in all the Nordic countries, Germany, Spain, England, France, Italy and the USA. The company is well known for its investment in athletes and ambassadors in various sports as well as lifestyle bloggers. Many consider company B's marketing strategies as "experts" as the expansion took place at a rapid



pace. During their second year of existence, and the first year that the product was available for get a reach of Company Bs turnover was 18 million SEK with an expansion to todays 1.2 billion SEK.

Interview with Respondent B working on the marketing side of Company B:

Question: Can you tell us a little bit about Company B and how the company got established?

Respondent B: Company B is a Swedish company that manufactures drinks for training and performance. We were founded in 2010 with a vision of becoming one of the major players in the industry. Our founder had previous experience with fast-growing drink companies, and therefore we had a clear vision of how we wanted our brand to position itself and the way to get there. Our first product was launched in 2013, which was also the year our turnover started to take off.

Question: Company B have really become a major player in your niche. How did you view internationalization at an early stage?

Respondent B: We are happy with our growth and our success in the domestic market. We have also succeeded in expanding into several new markets, where we started by expanding to neighboring countries, partly because of the geographical advantage with neighboring countries, but also because the culture and needs are equivalent in the Nordic countries. Norway, Denmark and Finland were our first step towards internationalisation, but today we are also established in several countries down in Europe and the US. We see absolute potential for international growth and are open to exploring new markets. As we want to become bigger, this also means that growth is required in the form of, for example, internationalisation. Another part that we work a lot with is our ambassadors



and sponsorships. This means that you get different ambassadors in the market who can both help us penetrate the market and see if our products matches the needs, but also give a marketing push into the country, especially if it is a well-known or influential person promoting the product

We sell to resellers, which means that we mainly have to work on the brand and brand awareness/positioning, rather than the sale of our products. Our products can ofcourse also be reachable online on our website, but this is not were must of our customers buy our products. Our most important resellers are gasstations and foodmarkets.

Question: How important do you consider digital competence in the internationalization process (Coccia, 2021) (De Veirman, et al, 2017)?

Respondent B: This is a big part of our success within the company, that we are fast and "on it" when it comes to digital competence and developing our digital skills. With the internet being an ever-growing factor that makes the world reachable wherever you are, this means that there are endless opportunities as an entrepreneur and business owner to succeed. However, we consider it a prerequisite that in order to make the best of the use of digitization as a tool, one must be able to manage it.

Question: What challenges do you see when it comes to expanding internationally (Johnsson & Vahlne, 2009)?

Respondent B: Expanding into new markets is always a challenge, especially when it comes to adapting to new cultures and business environments. We also need to ensure that we have the right distribution and resellers, and also the right marketing strategies in place to reach customers in new regions. But we are determined to work hard to overcome these challenges and continue to grow. Another challenge is for our marketing to be useful and to find the right ambassadors/influencer to help us promote our



products. Since people mostly buy energy drinks they already heard of before, its important for us to get us a name in all the countries we want to expand into.

Question: How do you use social media to reach out to your customers and market Company B (Kellermann et al, 2019)?

Respondent B: Social media is an important part of our marketing strategy and one of the parts where we deal with influencer marketing a lot. We use platforms such as Instagram, Facebook and tiktok to reach out to customers and build our brand identity and positioning in the market. In addition to the fact that social media is a very effective way of positioning oneself, it is also a central part of our advertising work. Within internet marketing, we work a lot with both SEO (keyword optimization) but also Ads, this on both social media and Google. We also share content about our products, our ambassadors and our team to engage and build relationships with our followers. We believe that social media is an effective way to reach a wider audience and to communicate with our customers in a personal way. Our social media can also be seen as a review platform where many of our customers describe how they experienced the products and where our team interacts with them regarding the feedback.

Question: What role do you think social media will play for Company A as you continue to expand internationally (Kozinets & Hampton, 2022)?

Respondent B: We think that social media is one of our ways to internationalize, + keyword optimization on google and instagram/ facebook and tiktok- Ads. Social media and the work of our ambassadors here is what drives us forward all the time in our internationalization processes and what creates brand awareness for us. Social media as a tool is what we consider very important. We work a lot with content creation, which is one of the important aspects to position ourselves in the best way, so that



ambassadors and good photographers can place our products in inspiring situations and contexts. We want an energy drink that is in a healthy context, unlike, for example, several American energy drink brands that choose to position themselves completely in the opposite direction to what we want. We believe that this is a key success factor for our company in particular, to differentiate itself from most others in the industry and invest heavily in marketing via social media and ambassadors/influencers.

Question: Did Company B had foreign suppliers or producers connected to the company before? Do you see this as internationalization even then or do you count your internationalization in terms of sales only (Johnsson & Vahlne, 2009)?

Respondent B: We have a locally produced process where we collaborate with a company who manage all our production from their headquarters in Lyckeby, Blekinge Sweden. Because we want a Swedish-made product, this means that it is an important part of our positioning to do everything as much as possible in Swede. We want to use our position on the market as "Swedish quality products" and to market ourselves in this way, but also to actually have a better product that both contributes to less environmental impact but is also a healthier version.

Question: How do you see the importance of relationships in an internationalization process? Both in the terms of relationships within the company's network, but also internal relationships within the company (Doney & Cannon, 1997)?

Respondent B: Our relations is what drives our company foreward. so therefore it is a very important thing for us, both relationships within the company and also external network contacts/ partners. This is primarily why we work with long-term ambassadors and not just influencer marketing. In the case of an ambassadorship, this means that we sign a contract of 2-3



years where the influencer must post and market our products for a long time. This means that our ambassador "group" become very close as we do a lot of activities together. For example, for our skiers that we have contracted, we go on a photoshoot together in LAAX, Switzerland every year. Even in the organization of the company, we are very on it about team building activities and awards that we give out, this to strengthen the team and keep motivation up among our employees. Because we know – that without a strong and motivated team, we are not a successful company that expands. It is of course also important that we maintain a good relationship with our external contacts in the form of producers. Because we have expanded at a rapid pace, this has also intensified relations with producers, which has been good for our relations.

6.3 COMPANY C

Company C is a clothing company located with its physical store in Kalmar. The company offers a wide selection of both men's and women's clothing and accessories. One of their key ideas is that they want to offer fashion from a sustainable perspective and that clothing and its manufacturing must be handled in a responsible way - which means as little impact on the environment as possible. Comapany C is currently in an expansion phase where the company is establishing itself online and abroad with internetsales, this from having previously only invested in the physical stores. Company C are currently working on a website that is gonna be launched end of May. In addition to a new website, the company has also just established their social media platforms, both on Instagram and Facebook, which are the platforms the company has chosen to start with.

Interview with Respondent C founder of Company C:

Question: Can you tell us a little about your company and how it started?



Respondent C: Company C is a clothing company that is located in Kalmar but has its roots in Skåne, Höganäs. The idea to start company C came when the founder started working on different marketplaces and saw a different type of fashion around Europe. The founder of Glimt has always been self-employed and is not afraid to throw herself into new challenges. Therefore, it came as a natural development to start a physical store. Furthermore, Company C expanded to also operate in Karlskrona, where the founder managed to acquire a perfect location for the shop near restaurants and shopping centers. A continued development is right now in working progress as they are expanding their physical stores to also be available on the internet.

Question: How do you see the possibilities of internationalization, and how are u planning the entering into new foreign countries?

Respondent C: As we have only operated in physical sales where premises and staff have been acquired, this means that we have not followed any establishment models, so to speak. But we have focused more on the purely practical, this such as having working payment options, a product stock, good staff who can present our clothes and position us as a brand in the most beneficial way. For us, our "team" has been the most important thing. Then of course we have also worked with visual merchandising in the form of designing our stores and shops in different ways to be attractive and market ourselves in the best way. Furthermore, when we entered Kalmar and Karlskrona, we also tried to get a small advertisement in the newspaper as well, with traditional marketing, as our target group is often also 40+.

Question: How important do you consider digital competence in the internationalization process (Coccia, 2021) (De Veirman, et al, 2017)?

Respondent C: Right now this is something that we are working on, the digital competence. As we are to operate as an e-commerce platform, it is



dependent on us to be at the forefront also regarding the use of digital and social media and the like. We will also use digitization to a large extent in our internationalization process that we are planning, this by now acquiring knowledge of how both Google and other platforms work.

Question: What challenges do you see when it comes to expanding internationally (Johnsson & Vahlne, 2009)?

Respondent C: We see our digitization as a part of internationalization where establishment on e-platforms and having our own webshop is a big step on the way for us. Furthermore, we also believe that our marketing team, which will work with the digital marketing, has a central part in our internationalization, as they are the ones who "steer the ship". By getting traffic to our webshop, this also means that we can direct where we want the traffic to come from. If we choose an offensive marketing for Germany, we count on German sales. The challenge that we see is adapting the logistics and trying to get shipping times and shipping costs as low as possible. We also want it to be safe to order from us and that all the products actually get to where they are supposed to go.

Question: How do you use social media to reach out to your customers and market your company (Kellermann et al, 2019)?

Respondent C: As I said, we are just at the beginning of establishing ourselves on social media, which of course affects how we use the platforms. In an first aspect, we will also use instagram and facebook informatively for our physical customers, where we for example marketing girls' nights and discounts and so on. However, as previously stated, we will also use social media for marketing purposes to increase the number of sales on our website. We will both work with "insta-shopping", which means that you can tag your products with a direct link to the website. But also with moving material as we really believe in small video clips in beautiful nature that give an



increased feeling of what we actually want to niche with our clothes. Our positioning is abohemian style and therefore it is very important that we also succeed in stating this feeling via the internet also and not just through visual merchandising in our physical stores.

Question: What role do you think social media will play for your business as you continue to expand internationally (Kozinets & Hampton, 2022)?

Respondent C: Hopefully, social media will be a fundamental part of our internationalization, through ads and so on. However, we want to emphasize that social media is a tool, but that the use is what is central. For us, Instagram is a tool to make us visible for the world, which as in the start up, we are getting help with by a marketing firm until our digital competence are high enough to be able to do it by ourselves.

Question: How do you decide which countries to enter (Johnsson & Vahlne, 2009)?

Respondent C: In the first instance, we will direct our marketing and try to expand to the neighboring countries. This because of logistical advantages, after that we see no "restriction" in which countries we should sell to. What will affect our internationalization might be the shipping to for example the US, which is estimated to take a long time, and therefore we may get a less attractive position on this type of market. However, we invest in finding methods that allow us to ship within Europe quickly and smoothly in the future, this through our contact with agents who have also helped several other companies with this in their expansion.

Question: Did Company C had foreign suppliers or producers connected to the company before? Do you see this as internationalization even then



or do you count your internationalization in terms of sales only (Johnsson & Vahlne, 2009)?

Respondent C: We buy in all of our goods from Italy, so in that aspect you could perhaps say that we already had global contacts. However, we consider our internationalization linked to international sales. Especially in the clothing industry, it is very difficult to have an entire stock that is locally produced in the form of manufacturing the textiles and so on in Sweden. Indonesia, China and India are at the forefront of clothing production and therefore a large part of the manufacturing takes place there. Then we buy from a company that brings together all the sellers, this like Alibaba or Aliexpress, and they are then based in Italy.

Question: How do you see the importance of relationships in an internationalization process? Both in the terms of relationships within the company's network, but also internal relationships within the company (Doney & Cannon, 1997)?

Respondent C: We values both our internal and external relationships as very important parts. We are a small team on the sales side within our company, where everyone is very interested in sales and customer contact. In addition to our team's passionate interest in fashion and accessories, we also have a lot of fun at work and does a lot of team building activities, such as afterworks, weekend getaways, etc.

Regarding the external relations, it is as mentioned above that we buy everything from Italy and the marketplace that I go to annually or once every six months. This means that different contacts are made and that I almost always buy from different dealers. This also has to do with the fact that our store does not take in much "in stock", but rather want an "exclusive" selection where there may only be one or two garments of the same type. However, it is very important that we maintain good contact and



have good business relations with those we choose to trade with, this in order to be attractive customers/business partners as you quickly get a reputation. We wish to maintain our good reputation and be attractive business partners!

6.4 COMPANY D

Company D is a company with its roots in Kalmar/Nybro. Company D was started in 1992 by two farmers who lacked the rainwear they were searching for , in conjunction with a timeless design. With the founders' roots as farmers, this meant that they knew what was required in that type of product. After a detailed research, Company D came up with its own formula for the rainwear, mixing PWC and pine oil, among other things. The founders are also very interested in having as environmentally friendly a brand as possible with a locally produced product that is of quality. Company D is still, after 27 years, a family-owned business that operates on a smaller scale. Today, they are only available via e-commerce through the company's own website and with marketing on Google, Instagram and Facebook.

Interview with Respondent D founder of Company D:

Question: Can you tell us a little about your company and how it started?

Respondent D: We started Company D because we thought there was a gap in the market. We are farmers and live in the Kalmar area where - during the autumn there can be a lot of rain and the need for work clothes that are both water-resistant and wear-resistant can be difficult to find. Furthermore, we started working on a company that sold rainwear and saw a potential to develop the material and make a different approach to the type of rainwear, where the monetary profit was not the main focus, but sustainability - both for the environment but also in consumption. We run our company with a



vision of being able to offer long-term products that will be inherited for generations.

Question: How do you see the possibilities of internationalization, or how have you entered the new markets that you have expanded into?

Respondent D: We started our business with regional marketing and then moved on to a national one. Quite quickly we realized that because we are an e-commerce platform, you can get orders from all over the world, so we therefore expanded our marketing after talking to Science Park and LNU students who helped us with what we should focus the marketing towards. Of course, today we can receive occasional orders from all over the world, such as New Zealand and the USA. But now we mainly direct our marketing towards England, Germany and Holland. This is because there are countries with roughly the same type of weather as we have, but also a market where there is a great demand for rainwear and workwear.

Question: How important do you consider digital competence in the internationalization process (Coccia, 2021) (De Veirman, et al, 2017)?

Respondent D: We consider this a very important part and have almost a first-hand experience of how costly it can be not to have the digital competence in all areas, this for example when we put a lot of our digital marketing budgeting on Instagram/Facebook ads but we missed the targeting and therefore the outcome of sales was not what we hoped for. But with a great amount of digital knowledge, this is a big advantage in the internationalization process and can be both cost-saving and time-efficient.

Question: What challenges do you see when it comes to expanding internationally (Johnsson & Vahlne, 2009)?



Respondent D: The challenges that we could mainly see are purely logistical. Today we use UPS and DHL as delivery options, which works for almost the whole world. We use the same valid payment method for example today klarna is a widespread payment option that is also used in the USA. We also offer the possibility of payment via paypal and ordinary bank card. However, for example in Germany there is something called "Lastschriftverfahren" which is roughly like a direct transfer similar to Swish, which is something we are considering offering our German customers. However, we think that it works quite well as it does right now, and what we will focus a lot on in the future is precisely the marketing and that this should be adapted to the countries and their types of marketing instead.

Also a functioning customer service and being able to provide support to customers who speak different languages and who are in different time zones can be difficult. On our website, we have also not printed the telephone times in our specific time zone, which we have noticed can be misunderstood by the customer from, for example, New Zealand.

Question: How do you use social media to reach out to your customers and market your company (Kellermann et al, 2019)?

Respondent D: We use our social media extensively, even though we don't have many followers on Instagram, we post every day except Saturday and Sunday so that our customers get a sense of activity. We use our social channels to position ourselves to a large extent, an example of this is our YouTube channel where we post small commercials with lovely nature, and our rainwear in various contexts. Through these short films, we want to communicate the brand's positions and values, which you can see now for example in the last film that we directed to the climate change.



We also use influencer marketing where we recently appeared in The hives (rock band) music video on youtube, where all the members of the band wore our raincoats. The hives' previous video on YouTube has reached 16 million views, so we are very happy that they have chosen to collaborate with us.

Another important part that we will also consider for further expansion later, after we establish ourselves firstly in England and Holland, is the use of marketing on different platforms that are popular in the countries they target. Examples of this can be in Arab countries/ as well as Asian countries where Telegram is widely used rather than Instagram. So far, we have not established ourselves on Telegram yet, but as I said, we are taking one thing at a time, and further on it is in the planning.

Question: What role do you think social media will play for your business as you continue to expand internationally (Kozinets & Hampton, 2022)?

Respondent D: Currently, we get most of our sales through SEO(keyword optimization) and google ads, and then these customers often go in and visit our pages on social media platforms. We have tried doing instagram ads and facebook ads, but have come to the conclusion that for us it is more profitable to use google and then use social media more as an informative/brand positioning tool. Maybe we had the wrong audience setting or something else that affected that we didn't get as good a return on our ads as we wanted, we don't know. However, we consider social media to be a very important part of positioning and being present and showing our products. Today, if you are an e-commerce company and are not on social media, we believe that this can have a very negative effect.

Question: How do you decide which countries to enter Johnsson & Vahlne, 2009)?



Respondent D: As previously mentioned in the interview, we have been helped with this part of our decisions of the organization science park together with Linneuniversitetet where four university students did a market research on which countries they thought would be most effective for us to expand into. But we also believe in the advantages of geographical proximity where we are happy to continue with neighboring countries, partly because they have similar climates, with also hopefully similar demands and fashion.

Question: Did Company D had foreign suppliers or producers connected to the company before? Do you see this as internationalization even then or do you count your internationalization in terms of sales only?

Respondent D: As I said, we are locally produced by using a Swedish-made fully recyclable vinyl fabric without toxic phthalates and fluorocarbons. So we haven't had much contact before with international producers as everything we have in our rainwear is made in Sweden because of the contacts we have. We use leftover PVC plastic together with pine oil, and also locally produced buttons. We ourselves are responsible for the drawings and style on the rainwear. So the whole process actually takes place here locally in the area.

When we talk about our internationalization, we mean international sales.

Question: How do you see the importance of relationships in an internationalization process? Both in the form of relationships within the company's network, but also internal relationships within the company (Doney & Cannon, 1997)?

Respondent D: As we are only two people who run and are employed at the company, this is primarily the internal relations we have within the company. This can be both advantages and disadvantages, as the company is easy in



the understanding and adaptations and you can make quick decisions and changes. Regarding relations with producers that we have connected to our company, these are also long established contacts since 1992 when we worked out a perfect formula together with those who supply us with the raw materials. Of course, these relationships are dependent on our company being able to have the products that we sell today, so we consider them very important.

6.5 COMPANY E

Company E was started in 1995 in Kalmar/Nyrbo and is a distributor of car components and tuning products. Today the company has a strong position on the Swedish market where they sell a wide range of tuning products but also brakes, engines and transmission parts. The company is in an internationalization process where they are establishing themselves in Germany and France. The company still has its base in Kalmar, this despite its size in the Swedish market. Company E offers mainly e-commerce but also to retailers.

Interview with Respondent E founder of Company E:

Question: Can you tell us a little about your company and how it started?

Respondent E: Company E started with a foundation in my go-karting interest when I competed in go-karting professionally. Back then the interest in cars grew and above all the access to good car parts quickly. In go-karts, it is very important that you have a product range with you that can be quickly reassembled if necessary, and that is why I came up with the idea of starting a car shop and offering quick solutions to other car enthusiasts as well. At first the company started mostly with the sale of brakes/brake calipers/brake discs and then the product range moved on to tuning products. Today, we



want to be able to offer almost everything you could possibly need in terms of car spare parts, and we want to be able to compete with the biggest car spare parts dealers. As we have a wide stock and primarily operate via our ecommerce platform, this means that the customer can receive their goods relatively quickly when delivered within Sweden. We also sell some to retailers in the form of various stores, this to stores around Europe.

Question: How do you see the possibilities of internationalization, and how are u planning on entering the markets?

Respondent D: We view the expansion abroad itself positively. With an ecommerce platform, it can sometimes be the case that we get an order abroad, probably because of our advantageous prices globally rather our marketing. But right now we are actually in an expansion phase where we mainly aim to expand into Germany and France. The choice to be a part of these particular countries is largely about my contacts that I have down here, and that the market demand for car parts is high here, as well as in Spain, which will be a later stage for us.

We see our internationalization process as directing our marketing there and solving the logistics with fast deliveries, as well as targeting that market, that's what we mean when we talk about expansion to that market. We already also have resellers down here who have "established" our products, which we also see as a huge advantage. This is also due to our network's, which can benefit us when establishing both a physical store or e-commerce.

Question: What challenges do you see when it comes to expanding internationally? (Johnsson & Vahlne, 2009)?



Respondent E: The challenges we mainly sees are the costs that are added to an internationalization, this both in terms of logistics as it is today significantly more expensive for us to ship abroad than within Sweden. But also the costs and knowledge of marketing. In Sweden, we have an elaborate SEO(keyword optimization for google) where we pretty much know which keywords are most important for us to come up with when Swedes google for example "car parts". This can be a challenge when it comes to, Germany and France. An additional challenge is market knowledge, but luckily we have some contact persons in both markets who can act as agents for us during an entry phase.

Question: How important do you consider digital competence in the internationalization process (Coccia, 2021) (De Veirman, et al, 2017)?

Respondent E: The digital competence for e-commerce is essential and is a large part of why we have succeeded in becoming a major player in the Swedish market. We were very quick in learning google analytics and google adwords which are platforms where you can control and design your digital marketing on google. We are constantly working to try to be "in phase" with the digital knowledge, but now we are putting a lot of effort into trying to learn how to use social media in the best way so that it will be beneficial for our company.

Question: How do you use social media to reach out to your customers and market your company (Kellermann et al, 2019)?

Respondent E: Today we are just at the beginning of the use of social media platforms, but we consider this extra important as we plan to use a lot of facebook/instagram ads as we have been very successful with our SEO use via Google. Through ads on social media, we can direct our marketing so that it is precisely reach the persons that may have interests in our product. Our resellers with whom we collaborate today also use alot of social media



both by presenting their company but also for the benefits of communication. This means that many of our products are already marketed with very good results, which means that it we might become a little more "fearless" in an expansion phase like this.

Question: What role do you think social media will play for your business as you continue to expand internationally (Kellermann et al, 2019)?

Respondent E: We believe, as the above question describes, that social media is a major player on the expansion of an e-commerce company, even if we also operate physically as a retailers. But for our e-commerce to gain increased popularity abroad, it is extremely important to be both on instagram, facebook, preferably also tiktok, which is a new phenomenon now, and also google with the company's own website/platform.

Question: How do you decide which countries to enter (Johnsson & Vahlne, 2009)?

Respondent E: So far we have decided how to expand based on the market knowledge we have and also what the demand looks like. As we have a lot of contacts in Germany and France, it became a natural path for us to take on to these countries as we can get a lot of help from the network, and that our products are already "tested" on the market and are in demand. If you look at, for example, China or Japan, where the use of electric cars is large, our products intended for petrol/diesel cars probably would not have been as high demand on as in Europe.

Question: Did Company E had foreign suppliers or producers connected to the company before? Do you see this as internationalization even then or do you count your internationalization in terms of sales only (Johnsson & Vahlne, 2009)?



Respondent E: We have foreign suppliers in the sense that we design everything ourselves and have checked out specific materials that we wish to use for our parts. Then all production takes place in China with a partner we met in 1996, so the collaboration between us has continued and been very rewarding. Internationalization can of course also be seen as trade with producers, even if we aim more for sales outside of sweden as an internationalization. But we also believe that we have previously participated in the internationalization process in the form of sales to resellers of our products in Germany and France.

Question: How do you see the importance of relationships in an internationalization process? Both in the terms of relationships within the company's network, but also internal relationships within the company (Doney & Cannon, 1997)?

Respondent E: We see our network and our relationships as our greatest asset. We are a tight group here inside the company who all work towards the same goal -> to expand the company. Because of this, our employees also have increased motivation, this as expansion also benefits them in the form of increased payments and increased responsibility. Our external network in the form of relationships outside our company is also of great importance especially now in an expansion phase. This such as when establishing the company and the help that is needed with legal papers and so on. As many of our contacts come from my time as a go-kart driver, this means that we also have private relationships, which can make us even more inclined to help each other succeed in terms of business. In addition to having private relationships, several in our network have been business colleagues for probably 20-30 years.

7. Analysis



In this chapter, an analysis of the respondents' answers and the literature that have been presented will be linked together. This analysis later forms the basis for the conclusion of the thesis.

7.1 The internationalization process and liability of foreignness

To begin by defining the concept of internationalization, according to the theory (Johansson and Vahlne, 2009) it means expanding one's operations abroad. This can mean both buying from producers, but also sales. However, all respondents agreed that for them the word "internationalization" meant when the company expands its sales abroad.

When comparing the respondents' answers regarding internationalization, the answers were all agreed - all had a desire to become a globally expanding company and those who already were internationalized wanted to get even bigger. The Companies A, D and E were so-called "born global" companies on their e-platforms -> and where reachable from day one from all over the world. Something that A and D have in common is that both operates on e-commerce platforms, while companies B and C mostly sell their products in physical stores and to resellers. Company B can be seen as a "hybrid" company, that on one hand can be defined as a born global company, this because that they also sell their product online and is reachable for the whole world. Important to mention is however that the company's turnover mostly is based on the resellers sales, this from for example gasstations and foodmarkets.

All companies also had a desire that internationalization would lead to growth for the company and based on this it was a motivation to globalize



their operations. This is also something that is mentioned in the theory part where Tillväxtverket (2023) presented that over 70% of Swedish SME companies wish to expand their operations abroad. Company A describes how internationalization took place in a natural way and that today this is a natural path for all companies that exist as e-commerce, this as your website can be found from all over the world. Furthermore, the company can be seen used very different plans to get to an internationalization processes,. However, it can be seen from the empirical evidence that all companies spoke of the cultural and geographical advantages of internationalizing to neighboring countries, which is also mentioned in the uppsala model in the theory part (Johansson and Vahlne, 2009).

Company A presented the growth of internet as a tool for their expanding, and based on this they also choose which countries to enter, which they call "PC-effekten". This is an interesting internationalization method, that Servais (2007) touches on a little in their article, where they present the expanding of e-business as a tool. This is a phenomenon that I think many entrepreneurs don't know about, but which can provide natural expansion in a simple way.

In agreement with the litterature that describes how SME companies benefit most from having a lot of market knowledge and knowing the logistical and legal regulations, all respondents also believe that this is one of the most costly and challenging processes when internationalization, and perhaps also the most important. Respondent A describes in his interview how the company suffered a fine of around half a million SEK due to a misunderstanding of the legal regulations in Germany. It was then Company A understood the importance of, and describes that the company from then on puts extra effort into market knowledge and logistics. Company D also describes how the logistics and the payment options were one of the central parts that they considered a challenge during the internationalization. Coccia



(2021) describes this in the theory part as "strategic planning" in the internationalization process and believes that this is the most important part to actually succeed in the newly entered market. Furthermore, the authors Luke & Verreynne (2006), Zott (2019) and Baron & Tang (2019) describe the importance of strategically planning when your entry into a new market with payment methods and shipping methods, which empirical evidence also strengthens. The importance of being able to adapt the product information on the website, such as payment solutions, shipping methods, customer service and the like, is also an important part as you need to adapt to the newly entered countries. Company D claims that the strategic planning is the most important thing for them to succeed in a foreign market, and also their network that help them with the understanding of this.

Company A describes also how their product range is also part of the strategy to grow and increase their competitiveness as an e-platform, as they are resellers of other well-known brands. This is something that the theory also names in the form of the author Dussauge, et al (2020) who describes this as IOR (inter-organizational relationships, which in this case is partnership about outsourcing or supplying products/collaboration. The theory describes this method as very efficient, this when you create product awareness and help each other to be more competitive in the market (Dussauge, et al, 2020).

Furthermore, Companies A, B and D points out the importance of security via the website and that the customer feels secure shopping on the platform is also essential to being able to succeed in internationalization. This is something that the author Coccia (2021) also mentions in the theory's section regarding strategic planning, where the author describes this as a first step in the process and that this is something needed in order to then be able to reach the next stage which is innovative thinking. These steps are needed in order for a company to be able to fully use of their company positioning and



innovative business ideas. This is where social media and digital positioning come into play.

In the theory, the concept Liability of Foreignness is described as a central part of the challanges of the internationalization process, which is also connected with the above analysis regarding market knowledge. In the theory, the authors Lin et al (2019) describe how LOF is one the disadvantages a company can encounter when establishing itself abroad, this due to its foreign origin. The respondents all describe how LOF can contribute to extra costs, this way as the above-mentioned example concerning Company A, which was fined due to ignorance of the legal regulations. Furthermore, Company B also describes the lack of knowledge regarding marketing, and that this can be very costly. This is also something that company D describes in their interview, where the instagram ads for them have been completely unprofitable, this as they do not have sufficient market knowledge to direct their marketing and increase their traffic to the website. For company B, which primarily sells its product to stores and applies IOR (inter-organizational relationship), however, LOF (Liability of Foreignness) is not as tangible, this as you do not need to have the same type of market knowledge yourself, but rather rely on influencers / ambassadors/ shops who know how to position the drink and therefore also reduce the risk of incorrect positioning and increased suitability.

One part that the theory within liability of foreignness (Li & Li, 2019) addresses is how the geographical distance, as well as the psychological distance, are very closely related to trends and market sensitivity. This is something that none of the respondents raise as a problem in their interviews. The respondents claim that people who shop, for example, from New Zealand or the USA knows that you are a Sweden-based company, and therefor have a high understanding of shipping times. However, of course Companies A and D, which are internationalized, constantly try to reduce



shipping times in order to have as strong a competitive power in the market as possible. Company E also describes how the shipping times within their branch can be both sensitive and insensitive, depending on which product is involved. If it is an important car part that is essential for the car's function, it is very important that you as a company can offer fast shipping options.

Respondents B and D have fairly similar answers regarding the psychological/geographical distance where they believe that both their industries can be sensitive to geographical limitations. In respondent D's case this means the weather, as their product is rainwear, while in respondent B's case it is more about the demand for their products. However, Respondent B believes that the demand for energy drinks produced in Sweden is also high in, for example, the United States, as the consumption of energy drinks in particular is very high there.

All companies points out their belief that growth for small businesses to internationalize has been made easier by digitalization, and all of these companies believed that they could almost digitalize from day 1 if they wanted to. Via the Internet, everything is initially available, which also Servais et al. (2007) describe in their study regarding e-business. The authors describe in theory how national borders have become less relevant and that today it is instead about the importance of business ideas and innovations for a company to achieve high growth. This is something that all respondents who are established on the internet agree with. The respondents do not see any major "advancement" with internationalizing to a new country, this as they use the internet as a tool, which means that costs are reduced significantly. The theory also describes how e-business today enables born global companies (Knight and Cavusgil, 2022), which company A, B and D can identify themselves as.

In theory, "network theory" originally founded by Johanson & Mattsson (1988) is seen as an important part of the internationalization process. This is



something that the companies A and E also describe as essential. Company A describes how the company weighs this differently in different internationalization processes, and describes how, for example, in Asia you almost have to have a contact person to be able to "enter the market". On the other hand, in the case of internationalization within Europe, it is easier describes respondent A. Respondent E also describes in his external review how the company makes a lot of use of its network, this both to gain increased market knowledge, but also to get a forwarded picture of how demand and the availability of similar products looks like here, then also so that agents and Company partners can help if they run into problems.

7.2 The importance of relationships in the internationalization process

The theory describes the importance that relationships can both contribute to increased motivation, but can also be a great business-wise asset during expansion. This as you can help each other with, for example, shared knowledge, but also through trust creation which can also contribute to expansion and internationalization (Hall, 2018). This is also described by all respondents as a great asset, with respondents C and E both claiming that their workenviroment with the employees is what makes the two founders of the company wish for expansion and internationalization. Both companies talk about how they see this as a collective thing in the company, and an action that can benefit all employees also both monetarily and in that they can obtain increased responsibility if desired.

Company A also describes relationships as a key factor for their business idea, as they need to have a good relationship with all the brands that they are selling. In this type of relationship, Grant (1996) and the author Linnskog (2007) as well as (Lee et al, 2019) describe how communication within the business network is a key factor to being able to design a functioning business relationship. This is described by Company A as essential,



especially in an initial phase where they are about to acquiring popular brands that they want to have on the site. Companies E and B also describe the relationships with their producers and resellers as very important, if almost dependent, for their business to function. In these cases, there is a codependence where both the producers are dependent on selling to the company as they are large customers and affect the producers' finances to a great extent. At the same time as the importance of getting hold of the products for Companies E and B is of the greatest importance. Company B have all their production in Sweden, and positions itself as locally produced and Swedish-made product, and because of that it is also very important to be able to continue with this collaboration because of the brand positioning.

However, Company C describes their relations with producers and the like relatively insensitive. This is because the company trades from a large marketplace in Italy, where there are always different producers, so therefore Company C buys clothes from different manufacturer every year. However, respondent C believes that it is important to have a good reputation, which you get by maintaining good business relationships. If you have a bad reputation from previous business partners, this can lead to others not wanting to do business with you.

Respondents A, B, D and E also means that their use of digitization is one of the most important tools create contacts. They also means that their companies operate on social media to both get in touch with customers but also to create relationships with people who are interested in the company's products. Companies A, B, D and E all claim that their social media platforms are also a contact network for both producers/consumers. This is also something that the theory takes up in several different paragraphs, including by the authors Sharma & Yetton (2015) but also by Servais et al. (2007) where all authors are united regarding the possibilities of digitization for an increased contact network...



Company C, which is newly established on social and digital channels, has too little experience in internationalization and relationship building outside the company to think that the digital part was important for its relationships. On the other hand, even Company C believed that this is something that will change when the company's website and experience with digital marketing as a tool is broader. This is strengthened by the theory that describes skills requirements within digitization as one of the most important key factors to be able to make full use of this (Vieru et al, 2015). The digital competence is seen in theory as a must in order to be able to further use the digital business keys that are made possible, and also to be able to transfer this to relationship building. Respondent C believes that this is a positive path that awaits and where the respondent expects an increased efficiency in both marketing, relationships, communication and positioning as the digital competence and the company's digital existence increases.

In the theory part, the uppsala model is described as an internationalization process that gradually increases its international operations, this in order to gradually expand to broader opportunities (Johansson and Vahlne (2009). If you look at the figure presented in the theory (Figure 2: Business Network model of the internationalization process, by Johansson and Vahlne 2009) you see that the importance of knowledge and opportunities is central, then the arrow reaches relationships, further to learning, creating/ trust and finally network position. Furthermore, these two fields are divided into state or change. To analyze based on the empirical evidence, one can see connections between, for example, company C, which has established in new country ipartly based on the Uppsala model. Company C have mainly expand to countries that are nearby and that have the same culture and less psychical distances. The importance of market knowledge is also described as essential according to the uppsala model, which the analyzes of the empirical work and the companies' internationalization processes have all demonstrated. Adapting your business to the entered market and having



information about what the customer's preferences look like is also one of the important parts. But also the knowledge of the institutional parts of the establishment.

7.3 Digitalization and social media

According to the theory, digitization has been revolutionary and a huge asset for both entrepreneurs and consumers. In the litterature, the digital skill requirements, or the digital maturity is described as a central part in actually being able to use the digital world in the best possible way (Vieru et al, 2015). When the respondents are asked to answer the current importance of the digital maturity, company A describes not only the digital maturity of the entrepreneurs but also the digital maturity and the digital usage of the consumers. Company A describes how this was a part of the success of the company's internationalization. However, according to the theory, digital maturity is something that must be constantly updated, and with the changing world of digitization where development is constantly taking place, companies are forced to learn and keep up to date with the new knowledge. Even company C pointed out their working progress of procure a higher extent of digital competence, and that they today need help from an external company to help with for example digital marketing.

According to the theory Figure 1: Framework within digital competence for SME companies by Vieru et al. (2015) demonstrates the phenomenon of digital transformation and how companies can integrate both the technical part, but also the organizational culture and problem solutions. By thinking based on this formula, where there are three wheels that depend on each other to have as good a data usage as possible. This is something that all companies work a lot with in their operations, where the digital part is not only about marketing and communication, but also, for example, reading product stock balances, or making various calculations regarding finances.



The respondents' view of internationalization via digitalization were that all believed that digitalization is of importance to both operate as an e-shop, but also for the possibility of internationalization for e-commerce (Sharma & Yetton, 2015). Respondent C, who has so far only operated with a physical store, also presented how, during an expansion phase like theirs, they turn directly to digitization and the tools that this contributes to. In addition to the importance of digitization, Companies A, B and D also believed that social media played a large role in the company's marketing, this via both influencer marketing and also ads.

Companies A, B and D use google ads and google analytics to optimize keywords and make themselves visible on the search engine. Company D believed that it was from this that they acquired most of their customers. Company A also describes this as one of the key factors to their success, this as they were early users of keyword optimization on Google, even before Google charged to come up as high as possible in the search engine. This then enabled company A to gain a high level of awareness that their page existed, as well as a lot of traffic. This is something that the theory also describes where, the authors Becker-Ritterspach, & Bruche (2019) describe word of mouth on the internet as an important marketing tool. Furthermore, the authors describe how all marketing is really about making the products or service visible, and that via influencer marketing, keyword optimization, Ads and the like, this is used as a tool for as many people as possible to see your website and your product.

In the empirical findings the companies referred to the digitalization and social media as a tool both for marketing themselves, communicating and positioning themselves. But you could see that it was of different importance depending on where in the internationalization process the companies were. Examples of this are companies C and E, both of which are at an early stage in the internationalization process and therefore just at the beginning of their



social media use. The theory also describes how social media can work differently, but that for most companies it is very important to have a presentation page and to shows that the company is active (Nguyen et al, 2021). Respondent C describes in their interview how as a physical store you don't have the same need to be on social platforms if you don't have a website, which theory goes against when authors such as Kozlenkova et al, (2017), Becker-Ritterspach, & M. Bruche (2019) and Zinkhan & Watson (1996) describe the importance of all companies being on the internet, whether it is only about showing their product range, or presenting themselves as a company. The literature suggests that it is important that the customer has a sense of what to expect, regardless of whether it is a physical store or a digital e-platform. Today, there are many people who google for example "clothing store in Kalmar" and therefore it is important to be present on social platforms and also as a website in order for potential customers to take an interest.

Respondent D also describes in the interview how via social media they release commercials in video format on YouTube, this only to show their "vibe" and how they wish to position themselves. Furthermore, Respondent D describes how body language and tone of voice are a huge asset, as they knows that by only writing in text it can get lack of how they want to present their products. The author Nguyen et al. (2021) also describe the moving material, with speech or music as one of the future popular digital marketing methods. This is something that Company D has picked up on, where they even mix influencer marketing with video formats on YouTube. Company A also sponsors several influencers who are also active on YouTube, where their products may be seen in various YouTube clips from home environments. The theory describes how it becomes more and more important for the users of social media platforms to create trust in their content (Becker-Ritterspach, & Bruche, 2019) and that one must be as "authentic" as possible in their appearance. A couple of years ago you could



see more edited images and that people were influenced by this. Today it is rather the opposite, that people want to see the real thing. This is something that strengthens companies A and D's belief about the importance of video content.

The theory describes how social media must be used in the right way in order to get a fully successful marketing, and describes that there are also risks with expressing too much as a company about opinions (Kozinets & Hampton, 2022). This is something that companies A and C describe in their study where they describe their ambassadors or influencers as very important people who are analyzed heavily before a collaboration takes place. An example of this was that company A sponsored a well-known influencer who was then questioned for her opinions which actually affected their site negative. It is also important as a company not to convey too many controversial opinions if you wish to be liked by the majority who reach the content. Today there is also a risk of being canceled as both a brand and an influences.

7.8 Summary of the analysis

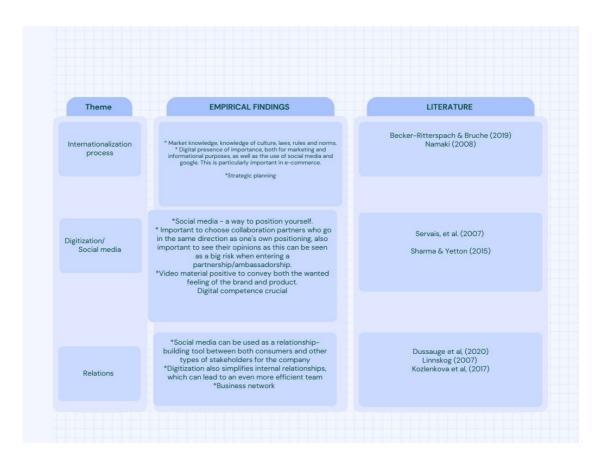


Figure 9; Summary of the analysis. Made by author

8 CONCLUSION



In this section, the conclusions conducted by the authors are presented based on the empirical findings and the iterature. Here, the answer to the research question is presented.

At the start of this study, a gap was identified of the internationalization models as they often do not take into account today's digitalized society and the simplified globalization this has led to. Furthermore, the purpose of this study was to investigate how social media and the importance of digitization affect the internationalization process of Swedish SME companies. Therefor a research question was formed into:

"Is social media and the digitalization an important key-factor in today's internationalization process for Swedish SME companies?"

The conclusion that emerged through the empirical findings and the literature shows that digitalization and social media can be seen as a tool that makes the internationalization process easier. This to get easier increased market knowledge, simplified communication both with consumers and other stakeholders, efficient marketing tools that allow you to reach out to specific target groups, easier to position your brand on the market and analyzing tools that can help both with marketing but also to see which country the demand is high for your products.

The study also shows the importance of market knowledge and strategic planning when entering a new country, this to prevent liability of foreignness. This knowledge can be accumulated in different ways where digitization and social media can be seen as one of them in todays digitalized society. Gathering information about the newly entered market is seen as a



very important aspect for companies to globalize, this at the same time as digitization makes the world a place without national borders.

9.0 Suggestions for future research

This study has contributed to an empirical investigation regarding the importance of digitalization and social media in the internationalization process for Swedish SME companies. The study has concluded in a series of findings where the fact of the importance of the digital usage in the internationalization process is a key.

The scope of the study is limited, which may affect the possibility of generalizability, and therefore it could also have been interesting to examine this question from other angles such as more case companies or perhaps from a quantitative method. This where a larger amount of data could be collected about the research question, and to be able to analyze the research question from other perspectives as well. This for example not only to limit the study to only to Swedish SME companies.

10. Contribution to the literature

The basis of the dissertation consists of literature and theories that discuss the internationalization processes, the importance of relationships, and digitalization and social media use. A big thank you for the lending of this literature which has been very helpful in the analyzing of the research question. Furthermore, the author of this thesis sees opportunities for addition in the existing internationalization theories where the importance of digital usage should be taken into account. The importance of relationships and relationship building is also a factor that in present time also correlates with digital use and its communication possibilities. By building on the already existing theory, such as, Johnsson & Vahlne's (2009) Uppsala model, one can develop these through updated empirical data and literature.



Methodologically, this study can contribute to further qualitative insights in the area where the conclusion shows the importance of the digitalization and social media use as a tool and approach in an internationalization process. Empiric evidence also demonstrates the improvements of the usability in the theories for it to still be suitable in present time.



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