

Internationalization of the German Packaging Industry

Burkhard Lennart Meyer

A thesis submitted to the University of Gloucestershire



in accordance with the requirements for the degree of

Doctor of Philosophy

in the School of Business and Enterprise Management

April 2021

Word Count: 77,900

ABSTRACT

Over the past several years, consumers have been paying more attention to the sustainability of products. Sustainability has been identified as a major trend in the global packaging industry; it is expected to dominate the next decade. Moreover, the European Union has banned the use of single-use plastics from July 2021 and the UK government has announced a new tax, the Plastic Packaging Tax (PPT), that will apply to all plastic packaging produced in or imported into the UK from April 2022.

The fragmented German packaging industry (GPI) faces major challenges that call into question existing business models. As the industry encounters consolidated large companies on the supplier side, and branded goods from international groups on the customer side, the voices that suggest more internationalization of the GPI are growing louder.

Additionally, some firms may have to rethink their entire business model to comply with the new legal requirements and their customers' expectations. The product lifecycles of packaging goods will become shorter, and firms need to become more agile and implement innovation systems, improve speed to market and become active in multiple markets to gain quicker returns on expensive research and development (R&D) efforts and remain competitive. There is currently no research on how the GPI would cope with disruptive change, particularly the sustainability trend that calls into question established business models within the GPI as a traditional, mature industry.

The GPI has a low level of internationalization and needs to expand its activities abroad. Internationalization can proceed very differently depending on the industry. The impact of the industry, as well as the applied technology on the internationalization behaviour of firms, is still largely unexplored. The GPI itself is characterized by idiosyncratic factors. However, the existing research referring to internationalization does not recognize the GPI as an economically-important industry. An innovative approach to GPI internationalization is developed that takes GPI's requirements into account by the synthesis of stage theory, born-global theory, and born-again global theory aspects, and the integration of GPI-specific factors.

DECLARATION

I declare that the work in this thesis was carried out in accordance with the regulations of the University of Gloucestershire and is original except where indicated by specific reference in the text. No part of the thesis has been submitted as part of any other academic award. The thesis has not been presented to any other education institution in the United Kingdom or overseas.

Any views expressed in the thesis are those of the author and in no way represent those of the University.

Signed: Date: 30 April 2021

doi:10.46289/BEPO8524

ACKNOWLEDGEMENTS

First and foremost, I am deeply grateful to my first supervisor, Dr Hans Rüdiger Kaufmann, for his inspiring and motivating guidance. His immense knowledge and substantial experience have been a source of continuous encouragement throughout my PhD study. He has pointed me in the right direction and showed great patience with the development of my research. I would also like to extend my sincere thanks to my second supervisor, Dr Rotem Shneor, who provided me with highly beneficial advice in the early research stages.

My appreciation also goes out to the PhD programme leader Dr Keith Donne for his support. I would like to thank the lecturers of the taught modules for their inspirational work, as well as the administrative staff who provided brilliant assistance. It is their kind help that have made my research a wonderful experience.

I would like to offer special thanks to my dear wife Nicole for all of her encouragement and patience throughout my studies.

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1 INTRODUCTION

1.1 Background

Although internationalization is strongly influenced by industry and company-specific characteristics, existing surveys on internationalization theory do not take the specific needs of industries and enterprises sufficiently into consideration (Achtenhagen, 2011; Grøgaard, Gioia, & Benito, 2013; Kutschker & Schmid, 2008). Nevertheless, the general view is that internationalization will proceed differently throughout various sectors (Taylor & Jack, 2016; van Tulder, 2015; Zaby, 1999, as cited in Kutschker & Schmid, 2008). With respect to the impact of the industry, as well as the applied technology on internationalization theory, the internationalization behaviour of firms within specific industries is still largely unexplained (Grøgaard et al., 2013; Holtbrügge, 2005; Paul & Rosado-Serrano, 2019). However, industry-specific research does exist in some areas, such as the German dairy industry (Meyer, Feil, & Schaper, 2019), textiles (Schneider, 2004) and the machinery industry (Kolloge, 2009).

The German packaging industry (GPI) is characterized by idiosyncratic factors (Röhrig, Mis, & Wieschebrock, 2010). Hence, it can be suggested that internationalization strategies need to be conceptualized in a differentiated way within this sector. Furthermore, the literature review reveals that the GPI's internationalization ratio is about 34% lower than the German manufacturing industry's internationalization ratio. Thus, the observation by Röhrig et al. and Väh, Digeser and Vogt (2011) related to the low levels of internationalization within the GPI and the suggestions by Beutner and Klaus (2012) and Hengsberger (2016) that the industry must expand its internationalization activities are substantiated by current data.

The GPI is made up of many small and medium-sized enterprises (Hoffmann, 2016; Beutner & Klaus, 2012; Hengsberger, 2016; Röhrig et al., 2010; Väh, et al., 2011) and had an annual revenue of €27.8 billion in 2018. At the time, 121,700 people were employed in this sector (Breitkopf, 2020a) and it was ranked 11th in annual revenue out of all German industries in 2018, falling between the paper industry in 10th place and the textile industry in 12th place (Rudnicka, 2019). However, research referring to internationalization in terms of the GPI also being an economically important industry has not been identified. This research aims to develop industry-specific internationalization conceptualisations for the GPI. The findings of

this research are intended to accomplish a contribution to knowledge and to assist management and policymakers by examining a new sector and potentially offering adaptation and extension.

1.2 Purpose of the Study

The Uppsala model (or U-model or stage theory) and the born-global concept are prominent internationalization models in the field of international business that have attracted the researcher's interest for the last twenty years (Paul & Rosado-Serrano, 2019). This study focuses on behavioural theory as reflected in the Uppsala internationalization model (Johanson & Vahlne, 1977), which is one of the most popular (Kutschker & Schmid, 2008; Prange & Verdier, 2011; van Tulder, 2015) and most frequently cited (Holtbrügge, 2005; Ribau, Moreira, & Raposo, 2015) approaches in international business. The majority of approaches are static whereas the Uppsala model attempts to characterise not only the condition of internationality but also the process of internationality (Holtbrügge, 2005). However, the Uppsala model is also subject to criticism. Some common criticisms posit that the model is deterministic and sequential (Reid, 1983; Turnbull, 1987; Fina & Rugman, 1996; Chetty, 1999) and that it disregards the impact of exogenous variables (Welch, 1982; Chetty, 1999). Furthermore, the studies on which the model was developed referred primarily to the internationalization behaviours of Scandinavian firms and focused on the beginning of the internationalization process, whereas the later stages of internationalization were ignored (Holtbrügge, 2005). The Uppsala model disregards that psychological distance decreases as the world becomes more homogeneous (Nordstrom, 1990; Sullivan & Bauerschmidt, 1990; Chetty, 1999). It also disregards that a firm's internationalization is influenced by the operating environment, industry structure, and its own marketing strategy (Turnbull, 1987; Chetty, 1999).

As a result of the critiques of the Uppsala model, the 'born global' approach has emerged as an important new line of research (Knight & Cavusgil, 2004). Born global relates to companies that internationalize from the very outset (Rennie, 1993; Madsen & Servais, 1997). Traditional models consider internationalization to be a risk-reducing and gradual process whereby enterprises allocate resources to international operations when they have gained experience

to reduce uncertainties; hence, internationalization is a time-consuming process (Hilmersson & Johanson, 2016). By contrast, later research states that internationalization can occur much faster, as outlined by Hilmersson and Johanson (2016). The inability of traditional internationalization theories like the Uppsala internationalization model to explain why some SMEs internationalize from inception has been addressed in international entrepreneurship theory, which is linked to international new ventures (INVs) and the born-global concept (Wright, Westhead, & Ucbasaran, 2007).

Stage theory presumes that internationalization will evolve even though strategic decisions are not undertaken and industry-specific factors are disregarded (Johanson & Wiedersheim-Paul, 1975; Knight & Cavusgil, 1996). By contrast, the born-global concept is centred around the manager and their intercultural skills, international knowledge and education in order to overcome the restraints of psychic distance (Lehmann & Schlange, 2004). A born-global manager has routines for managing multicultural workforces and for targeting customers in multiple countries simultaneously (McDougall, Shane, & Oviatt, 1994, as cited in Wright et al., 2007). The born-again global concept reflects the systematic internationalization approach caused by a critical incident later in a firm's lifecycle (Bell, McNaughton, & Young, 2001, as cited in Sheppard & McNaughton, 2012). These aspects are applicable for the GPI as a traditional industry facing disruptive challenges, including the sustainability movement (considered a critical incident), which calls into question existing GPI firms' business models.

Internationalization conceptualisations have emerged in this study based on the long-term GPI experience of the researcher, who held several executive roles in both mid-sized family-owned enterprises, and private, equity-backed multinational enterprises, in conjunction with the literature review. These concept components contain fractions of the Uppsala model, the born-global and born-again global approaches centring around management experience and qualification, personnel resources, business models, networks, industry factors and policy measures.

In summary, the GPI has a low level of internationalization and needs to expand its international activities. Furthermore, internationalization can proceed very differently depending on the sector (Taylor & Jack, 2016; van Tulder, 2015; Zaby, 1999, as cited in Kutschker & Schmid, 2008). The impact of the industry, as well as the applied technology on

the internationalization behaviour of firms, is still largely unexplored (Grøgaard et al., 2013; Holtbrügge, 2005; Paul & Rosado-Serrano, 2019). This research will evaluate the realities of the GPI through the lens of the stage theory, the born-global and born-again global approaches and will synthesise the findings and develop an innovative model of internationalization to address industry-specific requirements.

A literature review was conducted in order to identify existing limitations in the behavioural approach to internationalization, and particularly the limited consideration of industry-level factors. As a consequence of the literature review, the research questions emerged and will be presented subsequently.

1.3 Research Questions and Research Objectives

Research Questions

1. What are the reasons for the low levels of internationalization within the German Packaging Industry (GPI), which consists mainly of small and medium enterprises (SMEs)?
2. What are the internationalization motives of GPI SMEs?
3. Which internationalization strategies are applied by the GPI?
4. What modifications, if any, have to be made with respect to the identified internationalization strategies to adapt to industry-specific requirements?

Research Objectives

1. To identify reasons for the low levels of internationalization within the GPI.
2. To identify motives for internationalization within the GPI.
3. To identify general and industry-specific internationalization strategies in the GPI.
4. To develop a model (adapted, if needed, to industry-specific requirements) of the internationalization of the GPI.

1.4 Definition of Terms

Internationalization

The foundation of internationalization research with regard to the individual firm can be seen in the behavioural theory of the firm described by Cyert and March (1963) and in various decision-making theories (Ruzzier, Hisrich, & Antoncic, 2006). Although there is no agreed definition of the term, internationalization refers to the process of increasing activities of firms in markets abroad (Susman, 2007). Dicken (2003) suggests to distinguish between two broad definitions of globalization: One refers to the actual structural changes that are occurring in regards to the way the global economy is organized and integrated. The other refers to the neo-liberal, free-market ideology of the 'globalization project'.

Small and medium-sized enterprises

Small and medium enterprises (SMEs) have been defined as enterprises that employ less than 500 persons (Krystek & Zur, 2002). A later definition maintains that SMEs are made up of companies that have a staff headcount of less than 250 and that have an annual turnover not exceeding 50 million euro or an annual balance sheet total not exceeding 43 million euro (European Commission, 2003a). The latter contemporary definition is used in this research.

Industry

The term industry is often used to categorize or group individual firms based on common characteristics related to product types, production technology, or market attributes (Boter & Holmquist, 1996, as cited in Taylor & Jack, 2016). In this study, the terms 'industry' and 'sector' are used interchangeably.

The German Packaging Industry

In the context of trade and manufacturing, the term 'packaging' is related to the packaging of products, whereas a distinction is made between the direct packaging of a product, the primary packaging, and the outer packaging or collective packaging, which is also called the secondary packaging (Bleisch, Goldhahn, Schricker, & Vogt, 2006).

The relevant raw materials used for consumer goods and industrial packaging are paper, plastic, metal, glass and wood. Paper and plastic dominate the global packaging materials industry with a share of about 70% (Väth et al., 2011) of the market. Väth et al. maintain that the dominance of these two material groups also applies to the German market, where paper and plastic packaging make up more than three quarters of the packaging volume sold.

The annual revenue of the GPI in 2018 was €27.8 billion (Breitkopf, 2019a). At the time, 121,700 people were employed in this sector (Breitkopf, 2020a). Besides, more than 90 percent of the GPI firms are SMEs (Hoffmann, 2016). The structural change towards greater internationalization within the GPI has been gradual in nature and has not been driven by any particular economic shock (Röhrig et al., 2010). Rather, increasing internationalization has gone hand-in-hand with the globalization tendencies that have been witnessed since the 1980s (Paul & Rosado-Serrano, 2019). As globalization continues, markets have become more precarious; this was true even prior to the economic and financial crisis of 2007.

With regard to customers and exports, the GPI supplies a relatively small share of the global market compared to other industries and tends to operate regionally in close cooperation with its customers instead of as a global player (Röhrig et al., 2010). Nevertheless, for German manufacturers of packaging materials, internationalization is now more important than ever before (Beutner & Klaus, 2012). The markets with the greatest growth potential are those in the emerging regions of Eastern Europe, and, more importantly, Asia, which is poised to become the world's largest packaging market (Röhrig et al., 2010).

Another challenge mentioned by Röhrig et al. is the complexity of the GPI, which makes it difficult to ascertain the bigger economic picture and model it in a condensed form. The GPI will be discussed in section 2.3.1.

1.5 Structure of the Thesis

Section 1 of the study gives a general overview of the field of research and the problem that is being investigated. This is followed by the purpose of the study and the list of research questions and research objectives. Next is a definition of the most important terms used throughout the study.

Section 2 is dedicated to the literature review, which is carried out in the form of a systematic review of the research materials and supplemented by a narrative literature review. Then, the GPI is presented, the theoretical background discussed, and the patterns of SME internationalization are described. This section concludes with elaboration on the initial conceptualisation and presentation of the initial GPI model of internationalization.

Next, the research design is discussed in section 3 with an introductory discussion of the research philosophy and paradigms. The research design begins with a determination of the course of the investigation and the methodology, methods and techniques used. These are then considered in detail and related to the point of ethical considerations. Afterwards, a data analysis is performed and the section ends with explanations on validity, reliability and saturation.

The findings are presented in section 4. Those findings drawn from the interview data are structured by the detailed research questions. The documentary information pertaining to the nine cases are analysed with a critical case reflection that considers the interview findings alongside the documentary information.

In section 5, the findings are linked in a matrix to the detailed research questions and the components of the initial model. This introduces the system of the initial model using the findings from the empirical investigation. This subsection ends with the presentation of the final GPI internationalization model. The second subsection compares the new findings with the existing knowledge and shows whether earlier studies coincide with the findings or contradict or challenge findings from earlier studies and why these differences occur.

Section 6 presents the contribution to knowledge and contribution to management and policymakers. The study ends with the naming of the limitations and suggestions for further research.

2 LITERATURE REVIEW

2.1 Organisation of the Literature Review

Reviewing the literature is a significant part of any research project (Tranfield, Denyer, & Smart, 2003). A systematic literature review aims to be a transparent and replicable process (Cook, Mulrow, & Haynes, 1997) and should identify gaps in the existing literature (Easterby-Smith, Thorpe, & Jackson, 2012). A systematic literature review is one of the initial activities in most research projects and is required in order to continue searching for relevant literature throughout the project's timespan (Saunders, Lewis, & Thornhill, 2012). Accordingly, Easterby-Smith et al. (2012) stated that a literature review remains an ongoing process, which is continuously refined and modified as the research progresses.

Conducting an exploratory or preliminary literature review before beginning the systematic literature review can be beneficial for gathering the terminology and the taxonomy of the field of study (Becheikh, Landry, & Amara, 2006) and can determine the focus of the literature search (Saunders et al., 2012). A preliminary literature review was conducted for this research project, which helped to identify the scope of the field and to identify relevant keywords for the systematic literature review that addressed the research topic. The keywords were applied in relevant databases (e.g., EBSCOhost) to search academic articles containing those keywords and terms. Corresponding literature was identified using the electronic catalogue of the University of Bamberg, Germany (<https://katalog.ub.uni-bamberg.de/ubg-www/Katalog>). Academic journals were found using Google Scholar and the local university library. During the preliminary literature review, more than 160 relevant sources were identified from a combination of books and journals and by attending two conferences. The findings of the preliminary literature review are summarized in Table 2.1 (see Appendix 1).

No industry-specific studies concerning the packaging industry in general and the GPI in particular were found, except for an industry report by Röhrig et al. (2010).

After the terminology and research field were specified, a systematic literature review was conducted in order to identify existing limitations in the behavioural approach to internationalization, and the limited consideration of industry-level factors in particular. After

the systematic literature review was completed, several further reviews were undertaken as an ongoing process following a narrative review approach. There were two main reasons for this. Firstly, to update the literature due to the timespan of the research project, and secondly, as thoughts develop, each later search was focused more precisely on literature that was likely to be relevant (Saunders et al., 2012). As the author was aware that narrative reviews are open to researcher bias and frequently lack rigour (Tranfield et al., 2003), a good insight into the research field was gained by undertaking a prior systematic literature review, which would reduce the risk of misleading outcomes related to subsequent narrative literature reviews. Saunders et al. (2012) claimed that in contrast to some academic disciplines, business and management research utilizes a wide range of literature.

A systematic literature review follows a 'narrowing down' procedure, which was helpful in identifying gaps in the existing literature. However, the author recognised the need to broaden the literature review to contribute to industry-specific internationalization conceptualisations for the GPI, which has not been addressed by business and management research thus far.

2.2 Systematic Literature Review

A preliminary literature review supports the generation and refinement of research ideas that a critical or systematic literature review enables in order to provide an update on the current state of knowledge and its limitations, and how it fits into the current research project in the wider context (Gill & Johnson, 1997; Mohiuddin, 2011, p. 68). The main differences between narrative and systematic literature reviews are summarised in Table 2.2.

Features	Narrative Literature Review	Systematic Literature Review
Question	Broad	Specific
Source	Not usually specified, potentially biased	Comprehensive sources, explicit search approach
Selection	Not usually specified, potentially biased	Criterion-based selection, uniformly applied
Evaluation	Variable	Rigorous critical evaluation
Synthesis	Often Qualitative	Quantitative
Inferences	Sometimes evidence-based	Usually evidence-based

Table 2.2 Differences between narrative and systematic literature review, from Mulrow, Cook, and Davidoff (1997).

A systematic literature review is a methodological process that identifies, evaluates and analyses research evidence to dissect and map (Kitchenham, 2004; Staples & Niazi, 2007). Staples and Niazi claim that a systematic literature review is predicated on a well-defined, methodical process of identifying, assessing and analysing published primary studies in order to investigate a specific research question. It is based on a rigorous, transparent and reproducible process that enables the development of the most complete view of the literature for researchers and policymakers (Kitchenham, 2004; Tranfield et al., 2003). Tranfield et al. maintained that conducting a systematic review is increasingly considered to be a fundamental scientific activity and the occurrence of this kind of review is increasing in management (as cited in Mohiuddin, 2011, p. 68). Conducting a systematic literature review means carefully evaluating and deriving implications, pointing out gaps in the literature, and outlining paths for future research (Fisch & Block, 2018).

The basic steps of a systematic review include the following (Mohiuddin, 2011, p. 68):

- (1) Identifying the need for a review
- (2) Developing a review protocol (formulating an explicit research question, fixing inclusion and exclusion criteria)
- (3) Identifying relevant studies
- (4) Selecting the studies according to the inclusion and exclusion criteria
- (5) Assessing the quality of the retained studies

(6) Summarising and synthesising study results.

Referring to point (2), Tranfield et al. (2003) pointed out that any management review protocol may contain a conceptual discussion of the research issue and a statement of the issue's significance rather than a defined research question.

According to Becheikh et al. (2006), the main objective of a systematic literature review is to survey the fundamental contributions in a given research field. Conducting an exploratory literature review before the systematic literature review itself can be beneficial for gathering the terminology and the taxonomy of the field. A systematic literature review should be based on a specific objective that will direct the selection process, extraction, filtering and text analysis. A systematic literature review is becoming an increasingly important research instrument in management science research, as it can enhance research validity by using a rigorous process and can reduce subjective characteristics (Mohiuddin, 2011).

(1) Identifying the need for a review

Tranfield et al. (2003) pointed out that there is a need to map and assess the relevant intellectual territory in order to specify a research question that will further develop the knowledge base and inform empirical research practice.

(2) Developing the review protocol

After having completed the exploratory literature review, a review protocol was developed, which is a key element in conducting the subsequent systematic literature review. When defining the search terms, similar words and their synonyms should also be taken into consideration. Search results on 'internationalization', for instance, can be similar to results found under the term 'globalization'. Consequently, two possible search terms were used: 'internationalization' and 'globalization'.

The following search terms were determined: internationalization, globalization, foreign direct investment/FDI, outward FDI, German, SME/small and medium-sized enterprise/company/firm/entity, packaging industry, manufacturer, strategic management, international business, international management.

Boolean terms are useful operators for finding significant search results in electronic databases. The most important Boolean operators are AND, OR and NOT (see Figure 2.1). If the operator AND is between two words or phrases, the search results have to contain both terms. OR is used if one term is a sufficient result. Terms positioned after 'AND NOT' are rejected and do not appear in the retrieved query.

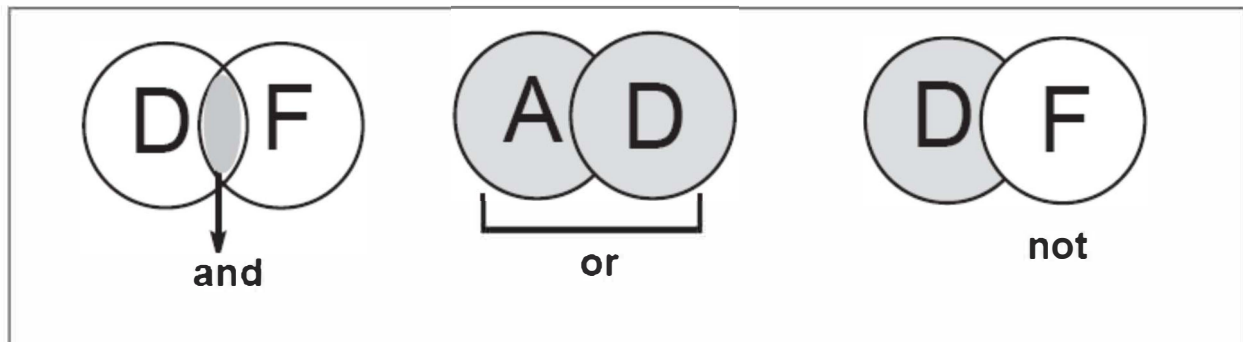


Figure 2.1 Important Boolean operators, from Lazer, Sonntag, Drazek, Jaeschke, and Hogreve (2010).

Truncations (*) denote search terms abbreviated to the root or stem of a word. The symbol for truncations can be placed at any position in a word as a wildcard except at the beginning (e.g., 'international*' provides international, internationalized, internationalization, etc). The symbol (?) can be placed at any position in a word as a wildcard for either one or no further letters (e.g., for 'globaliz??' the word 'globalized' is provided but not 'globalization' as the latter consists of thirteen letters instead of ten).

In order to focus the search findings even in the retrieving stage, a first sorting was made predicated on documents' titles and abstracts. Therefore, inclusion and exclusion criteria had to be defined as they are determined to reduce bias.

The inclusion criteria were SMEs, internationalization, globalization, FDI (outward), German enterprises, packaging industry, literature since 1980, published peer-reviewed papers, and research reports.

The exclusion criteria were MNEs, FDI (inward), non-German enterprises, non-packaging industries, literature before 1980, books, dissertations, and book reviews.

The best method to find the majority of published work that will address the research questions is to carefully search at least two different electronic databases (Siddaway, Wood, & Hedges, 2019). A critical literature review must identify the databases with the science sector of the research field because there are a multitude of databases in different science sectors. The following electronic databases were initially selected.

(A) Google Scholar (<http://scholar.google.com>)

(B) Emerald (<http://www.emeraldinsight.com>) / Emerald Management Reviews

(C) EBSCO-host (<http://www.ebscohost.com>) / Business Source Complete

(D) OECD-i-Library (<http://www.oecd-ilibrary.org>)

(E) World Bank eLibrary Archive (<http://elibrary.worldbank.org>)

(3) Identifying the relevant studies

Following the conceptual framework of a critical literature review, the next step is the identification of relevant studies. Robertson (1994) noted that the term 'globalization' first appeared in a scholarly context during the mid-1980s. Globalization and internationalization are frequently used synonymously, or at least as cognates, although they are neither by definition (see section 1.4 for differentiation). Because of this fact, the limiter concerning the search routine for the year specification was set from 1980 up to the present day in order to find relevant studies in that field. In the retrieving phase and using the above-mentioned databases, articles and abstracts were selected if they contained two or three of the key terms 'internationalization or globalization', 'SME', 'FDI', 'German enterprises/companies', and/or 'packaging'. The review protocol is summarised in Table 2.3 (see Appendix 2).

(A) Google Scholar

The first database search began on January 3, 2012, using Google Scholar. The search mode was defined with the parameters 'anywhere in the article', 'document type article', and

‘articles in all subject areas’. The limiter was set to articles published between 1980 and 2012 and the search on ‘internationalization’ retrieved 150,000 results.

- The second search mode was conducted with the same parameters and limiters, but the search was narrowed by using the terms ‘internationalization AND sme AND NOT mne’. The search retrieved 12,100 results.

- The search was narrowed again using the parameters ‘in the title of the article’, ‘document type article’, and ‘articles in all subject areas’. The limiter was again set to articles published between 1980 and 2012. The search on ‘internationalization AND sme AND NOT mne’ retrieved 71 results. By screening the documents’ titles and abstracts, no relevant documents were identified.

- Additionally, the search mode was operated with the parameters ‘in the title of the article’, ‘document type article’, and articles in the subject areas of Business, Administration, Finance Economics, Social Sciences, Arts, and Humanities. The limiter was again set to articles published between 1980 and 2012. The search on ‘internationalization AND sme AND NOT mne’ retrieved 36 results. The following six articles were downloaded: Ruzzier, Hisrich and Konecnik (2007), Basly (2007), Wattanapruttipaisans (2005), Smolarski (2009), Chelliah (2010), Pichler (2008). In addition, one abstract was downloaded: Ruzzier, Hisrich and Antoncic (2006).

- A further search mode was defined with the parameters ‘in the title of the article’, ‘document type article’, and articles in the subject areas of Business, Administration, Finance Economics, Social Sciences, Arts, and Humanities. Again, the limiter was set to articles published between 1980 and 2012. The search on ‘internationalization AND small medium size’ retrieved 11 results, and one article (Prashantham, 2005) and one abstract (Lu & Beamish, 2006) were downloaded.

- The final search request using Google Scholar on January 3, 2012, used the parameters ‘in the title of the article’, ‘document type article’, and articles in the subject areas of Business, Administration, Finance Economics, Social Sciences, Arts, and Humanities. Again, the limiter was set to articles published between 1980 and 2012. The search on ‘internationalization OR globalization’, with at least one of the words being ‘German’, retrieved 183 results. Two

articles and two abstracts were downloaded: Vitols (2005); Amann (2003); Kinkel and Lay (2008) and Carr (2005).

(B) Emerald

A second database, Emerald Management Reviews, was searched on January 5, 2012. The selected parameters were 'browse → Bibliographic Databases, browse options → by subject: Top Management → International Business'.

- The search mode was determined by the parameter 'selected year 2011'. The search retrieved 221 results, although only the titles of the articles were available. A second search request with the parameter 'selected year 2010' retrieved 353 results. However, as with the previous search mode, only the titles of the articles were available. As a consequence, no files were downloaded.

- On January 13, 2012, the search routine was changed to 'search for "internationalization" in all content except full text, between 1980 and 2012, inc. EarlyCite articles, inc. Backfiles content and (in results: sme)'. This search retrieved 72 results. One article (Ruzzier, Hisrich, & Antoncic, 2006) found only as an abstract in Google Scholar was downloaded.

(C) EBSCO-host

On January 6, 2012, a search routine using the database Business Source Complete was conducted. The limiter was set to 'language: English and German,' with the Boolean/Phrase 'TI (internation* OR globaliz*) AND (sme* OR small* medium* size*) AND (compan* OR enterpris* OR firm*)'. This search retrieved 27 results, and three articles (De Clerq, 2005; Kontinen, 2011; Moen, 2000) were downloaded.

- For the next search mode, the limiter was set to 'scholarly (peer-reviewed) journals,' with the Boolean/Phrase 'TI (fdi OR "foreign direct investm*") OR (internation* OR globali*) AND (sme* OR small* medium* size*) AND (compan*OR enterpris* OR firm*) AND TI german*'.

This search retrieved 25 results, and one article (Buch & Lipponer, 2005) and two abstracts (Arnold & Hussinger, 2010; Behnam, 2001) were downloaded.

- On March 14, 2012, the search routine in the database Business Source Complete continued with the limiter set to 'scholarly (peer-reviewed) journals' and the Boolean/Phrase 'TI (fdi OR "foreign direct investm*") OR (internation* OR globali*) AND (sme* OR small* medium* size*) AND (compan*OR enterpris* OR firm*) AND TI german*'. This search retrieved 28 results. The potentially relevant studies were the same as those downloaded in the previous search on January 6, 2012, with the same search mode and limiter.

- The search mode was then changed. The limiter remained set at 'scholarly (peer-reviewed) journals', but the Boolean/Phrase was 'TI ((internationali* OR globali*)) AND TI germa*'. This search retrieved 44 results, and one article (Hederer, Hoffmann, & Kumar, 1972) was downloaded.

- The Boolean/Phrase 'TI ((internationali* OR globali*)) AND TI germa*' retrieved three results. However, they only examined MNEs, so no studies were downloaded.

- On March 15, 2012, the search routine in Business Source Complete continued with the limiter 'published date from 1980 until 2012' and the Boolean/Phrase 'AB internationali* AND AB ((sme* OR small medium size*)) AND KW ((international business OR strategic management))'. This search retrieved 11 results, and one abstract (Knight & Kim, 2009) was downloaded.

- A further search mode with the same limiter and the Boolean/Phrase 'AB ((internationali* OR globali*)) AND AB ((sme OR small medium size*)) AND KW intern* managem* AND AB german*' retrieved no results.

- With the same limiter and the Boolean/Phrase 'AB direct investm* AND AB ((sme* OR small* OR medium*)) AND AB ((enterpris* OR compan* OR firm* OR entit*)) AND AB german* NOT AB ((mne* OR multinational*)) AND AB manufactur*', two results were found, but neither were relevant.

- The search routine with the Boolean/phrase 'TI german* industr* AND SU ((internationali* OR globali*)) OR SU fdi AND AB sme*' retrieved seven results, none of which were relevant to the study.
- The Boolean/Phrase 'AB german* packag* industr* AND SU ((internationali* OR globali*))' retrieved no results.
- The search routine with the Boolean/Phrase 'AB packag* industr* AND SU ((internationali* OR globali*))' retrieved seven results, and two articles (Frame & Cohn, 2008; Strzelecki, 2008) were downloaded.
- The final search session using Business Source Complete was conducted on March 17, 2012. The Boolean/Phrase 'SU packag* AND SU ((globali* OR internationali*)) AND AB german*' retrieved no results.
- The search routine with the Boolean/Phrase 'TX packag* AND SU ((globali* OR internationali*)) AND AB german*' retrieved 35 results, and one article (Fryges, 2008) was downloaded.

(D) OECD-i-Library

On March 18, 2012, a search routine was conducted using the OECD-i-Library database. The search mode operated with the parameters 'restricted to the English language, including multilingual summaries', and 'restricted to the themes industry and services'. When attempting to set the chronological limitation to 1980 the search form provided a starting point of the year 1900. Therefore, the search request was restricted to retrieving publications published between 1900 and 2012 instead of between 1980 and 2012. The Boolean/Phrase 'TI/AB "internationalization" OR TI/AB "globalization" AND TI/AB "germany"' retrieved 78 results. Two articles were selected for download, but access was denied.

- The next search mode was operated with the parameters 'restricted to the English language, including multilingual summaries', 'restricted to the themes industry and services', and 'published between 1900 and 2012.' The Boolean/Phrase was TI/AB 'outward fdi' AND TI/AB 'german' AND TI/AB 'sme'. The search retrieved no results.

- The final search request using OECD-i-Library was conducted with the parameters 'restricted to the English language, including multilingual summaries', 'restricted to the themes industry and services', and 'published between 1900 and 2012'. The Boolean/Phrase was 'TI/AB "internationalization" AND TI/AB "german" AND TI /AB "small business",' and the search retrieved no results.

(E) World Bank eLibrary Archive

A search using the World Bank eLibrary database was conducted on March 19, 2012. The search mode was operated with the parameters 'content type contains Books or Journals or Working Papers', and 'published between 1980 and 2012' with the Boolean/Phrase 'AB ("internationali* AND packaging*") AND AB ("german*")'. No results were retrieved.

- The search was then enhanced by omitting the search term 'german*'. Nevertheless, along with the Boolean/Phrase 'AB ("internationali* AND packaging*")' and the parameters 'content type contains Books or Journals or Working Papers', and 'published between 1980 and 2012', no results were retrieved.
- The final search mode with the parameters 'content type contains Books or Journals or Working Papers', and 'published between 1980 and 2012', with the Boolean/Phrase 'AB ("internationali*") OR AB ("globali*") OR AB ("fdi*") AND AB ("german*")' retrieved one result with the title 'Migration and Remittances Factbook 2011' which had no relevance to the research field. Consequently, the identified literature was selected using the inclusion and exclusion criteria.

(4–6) Selecting, evaluating and synthesising the studies

Over the period of January to March 2012, nine search sessions with 28 search-routines in five databases were conducted. In total, 24 relevant papers (20 articles and four abstracts) met the first sorting criteria during this phase. At the second sorting, all the findings were reviewed according to the inclusion and exclusion criteria, which resulted in none of the studies meeting more than six out of the eight inclusion criteria. Table 2.4, Appendix 3

describes the retrieved search results by indication of the author's name, year of publishing, whether it is a full text article (AR) or only available as an abstract (AB), and the title of the paper. The table also shows every inclusion criterion and whether it is fulfilled by the document. No studies met both the eminent criteria 'German firms' and 'packaging industry' in conjunction with the criterion 'internationalization'. Consequently, all 24 papers which passed the double sorting had to be excluded from the systematic review.

The paper written by Ruzzier, Hisrich and Antoncic (2006) concentrates on SME internationalization research and contributes to the thesis' theoretical part, for example, the concept of FDI or the theoretical basis of internationalization. The focus is on SMEs and their strategic internationalization, but the export behaviour and the evolution of the internationalization concept are also discussed. The article provides selected internationalization theories and models based on research regarding the behavioural theory of the firm as well as different decision-making theories. The article also reflects on the beginning of internationalization research in the late 1950s and 1960s, which focused on large multinational companies and their international activities. The study also contains a brief overview of MNE research with the approaches of internationalization theory, the transaction cost theory, the eclectic paradigm and the monopolistic advantage theory.

Only two documents – one abstract from Frame and Cohn (2008) and one full text from Strzelecki (2008) – discuss the packaging industry, and only from a US perspective. The article and the abstract were identified as practitioner literature.

Most of the remaining papers concerned general rather than industry-specific SMEs – something that was observed during the preliminary literature review. A similar situation was found regarding internationalization theory. Industries and enterprises are not frequently taken into consideration as internationalization is not influenced by industry and company-specific characteristics (Kutschker & Schmid, 2008). Nevertheless, internationalization can proceed very differently depending on the sector (Zaby, 1999, as cited in Kutschker & Schmid, 2008). The impact of the industry, as well as the applied technology on the internationalization behaviour of firms, is still largely unexplained (Holtbrügge, 2005). Particularly for SMEs, the ways in which companies internationalize need to be differentiated in reference to company size, industry and target regions (Stehr, 2012). Kutschker and Schmid

(2008) maintained that even within industries individual competitors differ from one another with respect to causality, locality, modality and temporality of internationalization.

In most statistics, high levels of aggregation are determined for industries (Kutschker & Schmid, 2008) and existing surveys in the SME research, with references to internationalization frequently relating to SMEs or MNEs in general. This was also shown in the systematic literature review.

The systematic literature review underlines that some industries in Germany are paid more attention than others. Work does exist in some areas, such as the German dairy industry (Meyer et al., 2019) and the textile industry (Schneider, 2004), which rank in the top 12 German industries by revenue (see Table 2.5), or the machinery industry (Kollege, 2009), which ranks second only to the automotive industry (Rudnicka, 2019).

Ranking by Revenue	#1	#2	#3	...	#10	#11	#12
Top German Industries	Automotive	Machinery	Pharmaceutical	...	Paper	Packaging	Textiles
Revenue in 2018 in billion €	429	262	203	...	41	28	12

Table 2.5 Ranking the top German industries by turnover, data from Breitkopf (2019a) and Rudnicka (2019).

The annual revenue of the GPI in 2018 was €27.8 billion, of which €8.7 billion was foreign sales (Breitkopf, 2019a). At the time, 121,700 people were employed in this sector (Breitkopf, 2020a). The GPI was ranked number 11 out of all German industries in terms of annual revenue in 2018, between the paper industry at number 10, with an annual revenue of €40.9 billion, and the textile industry at number 12 with an annual revenue of €12.3 billion (Rudnicka, 2019). However, research referring to internationalization is not identified in terms of the GPI also being an economically important industry.

The consolidation of packaging customers through mergers and takeovers by global corporations, for example, Unilever, Nestlé, Heineken, Anheuser-Busch, Cadbury, Kraft

Foods, and Coca-Cola, have forced the GPI – and particularly the consumer packaging sector – to expand their internationalization activities in addition to their national-level operations (Beutner & Klaus, 2012; Hengsberger, 2016; Röhrig et al., 2010). In order to measure the outward internationalization activities, the internationalization ratio, which is the ratio of foreign sales to total sales (Cerrato, Crosato, & Depperu, 2016; Paul & Rosado-Serrano 2019), is frequently applied. Further measurements to determine the degree of internationalization include the number of a firm's employees that spend over 50% of their working hours on international activities, and the geographic scope of the firm's cross-border activities (Reuber & Fischer, 1997). This study will focus on the internationalization ratio of foreign sales to total sales. Breitkopf (2019a) observed an internationalization ratio of 31.3% within the GPI in 2018.

Previous years indicated similar values from 2010 to 2018 for the GPI internationalization, with a minimum of 30.0% in 2017 and a maximum of 31.7% in 2010 and 2012 (Breitkopf, 2019a; Statista, 2017). The latest update for 2019 shows an internationalization ratio of approximately 33% (Breitkopf, 2020b). To benchmark this data, the author compared the internationalization ratio of the GPI with the internationalization ratio of the German manufacturing sector between 2010 and 2018; the GPI is a sub-sector of the latter (Grefermann, 1986; Statistisches Bundesamt, 2004). In 2018, the German manufacturing sector achieved an internationalization ratio of 48.5% (Statistisches Bundesamt, 2019). From 2010 until 2018 the internationalization ratio moved between 46.1% and 48.5% (Statistisches Bundesamt, 2017, 2019). Therefore, the variability of the internationalization ratio was low for both sectors over a period of eight years. The internationalization ratio of the GPI is about 34% below-average of the German manufacturing industry's internationalization ratio (see Table 2.6). Thus, Röhrig et al.'s observation is related to the low levels of internationalization within the GPI, and the need to expand the internationalization activities suggested by Beutner and Klaus as well as Hengsberger is substantiated by the latest figures. The general view is that internationalization is seen to proceed differently in various sectors (Taylor & Jack, 2016; van Tulder, 2015; Zaby, 1999, as cited in Kutschker & Schmid, 2008).

Internationalization Ratio	Year									Mean Value
	2010	2011	2012	2013	2014	2015	2016	2017	2018	
German Packaging Industry	31.7%	31.6%	31.7%	31.6%	31.6%	30.8%	30.9%	30.0%	31.3%	31.2%
German Manufacturing Industry	46.1%	46.1%	46.7%	47.7%	48.1%	47.4%	47.7%	48.2%	48.5%	47.4%

Table 2.6 Internationalization ratio of the GPI and the German manufacturing industry.

With respect to the impact of the industry, as well as the applied technology, the internationalization behaviour of firms in specific industries is still largely unexplored regarding internationalization theory (Grøgaard et al., 2013; Holtbrügge, 2005; Paul & Rosado-Serrano, 2019).

The GPI is characterised by idiosyncratic factors (Röhrig et al., 2010), and it can be suggested, therefore, that internationalization strategies need to be conceptualised in a differentiated way within this sector. However, empirical research relating to internationalization in the GPI has not been undertaken thus far. The systematic literature review was conducted in order to identify existing limitations in the behavioural approach to internationalization, and particularly the limited consideration of industry-level factors. As a consequence of the systematic literature review the following research questions emerged:

- (1) What are the reasons for the low levels of internationalization within the German Packaging Industry (GPI), which consists mainly of small and medium enterprises (SMEs)?
- (2) What are the internationalization motives of GPI SMEs?
- (3) Which internationalization strategies are applied by the GPI?
- (4) What modifications, if any, have to be made with respect to the identified internationalization strategies to adapt to industry-specific requirements?

The author's research aims to develop industry-specific internationalization conceptualisations for the GPI and is intended to contribute to the knowledge by examining

a new sector that potentially offers adaptations and extensions to management and policymakers.

2.3 Narrative Literature Review

2.3.1 The German packaging industry

As discussed in section 2.1, 'Organisation of the Literature Review', conducting a systematic literature review involves, inter alia, pointing out gaps in the literature (Fisch & Block, 2018). The systematic literature review followed a 'narrowing down' procedure that was helpful in identifying gaps in the existing literature and in developing the research questions and research aim. However, the author recognised the need to broaden the literature review for the purposes of contributing to understanding industry-specific internationalization for the GPI; this has not yet been addressed by business and management research. In contrast to some academic disciplines, the business and management field draws on a wide range of literature (Saunders et al., 2012). Several further reviews were undertaken as part of the ongoing narrative review approach. There were two main reasons for this: First, to update the literature due to the time span of the research, and second, because as thoughts developed, each later search was focused more precisely on the literature that was likely to be relevant (Saunders et al., 2012).

Before the GPI is characterised, an overview of the global packaging market is provided to classify the GPI in this context.

Packaging has become an essential part of everyday life for consumers of private as well as industrial goods and is playing an increasingly important role in a wide range of applications and functions, particularly for the food, beverage, household, cosmetics, chemical and pharmaceutical industries, as well as for the automotive and mechanical engineering industries (Väth et al., 2011).

The global packaging market was valued at approximately USD 907 billion in 2018, with Europe having an approximately 24% share (see Figure 2.2) and Germany a 4% share of the global market.

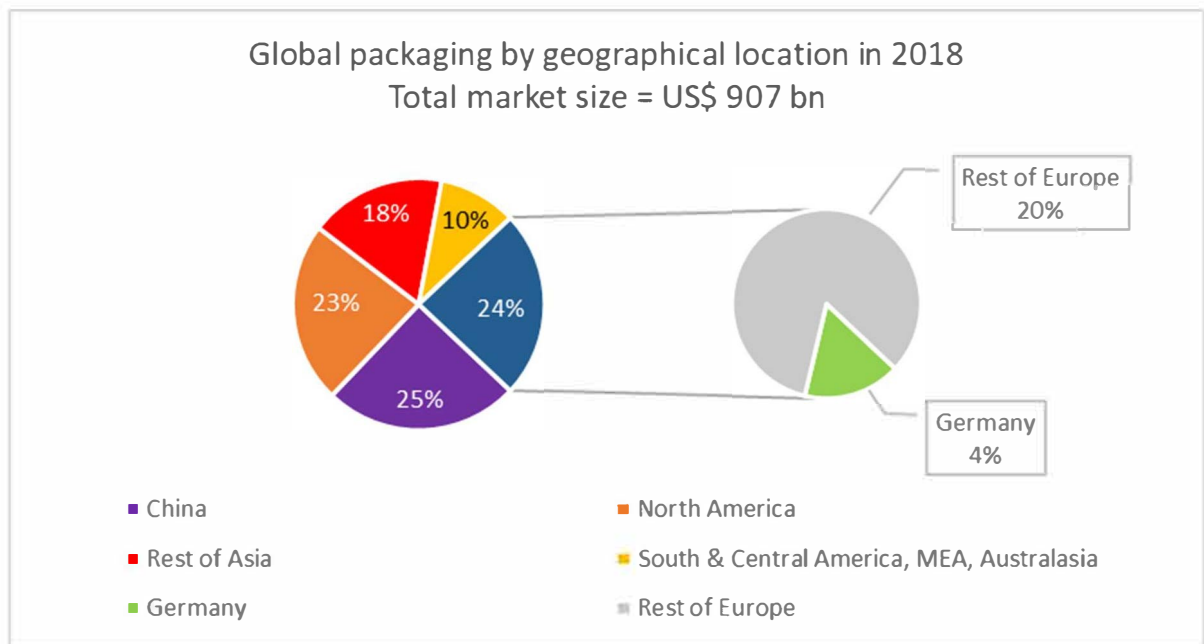


Figure 2.2 Global packaging market size by geographical location, data from Smithers (2019b) and Packaging Europe (2018).

Smithers (2019b) showed that Asia currently dominates the global packaging market based on 2018 sales figures. The global packaging market increased by 6.8% from 2013 to 2018 mainly in less developed markets, as more consumers move to urban locations and subsequently adopt Westernised lifestyles (Smithers, 2019a). The highest growth rates related to packaging consumption are forecasted to be in emerging markets (see Figure 2.3) from 2017 to 2022 and beyond (Feber, Nordigården, & Varanasi, 2019).

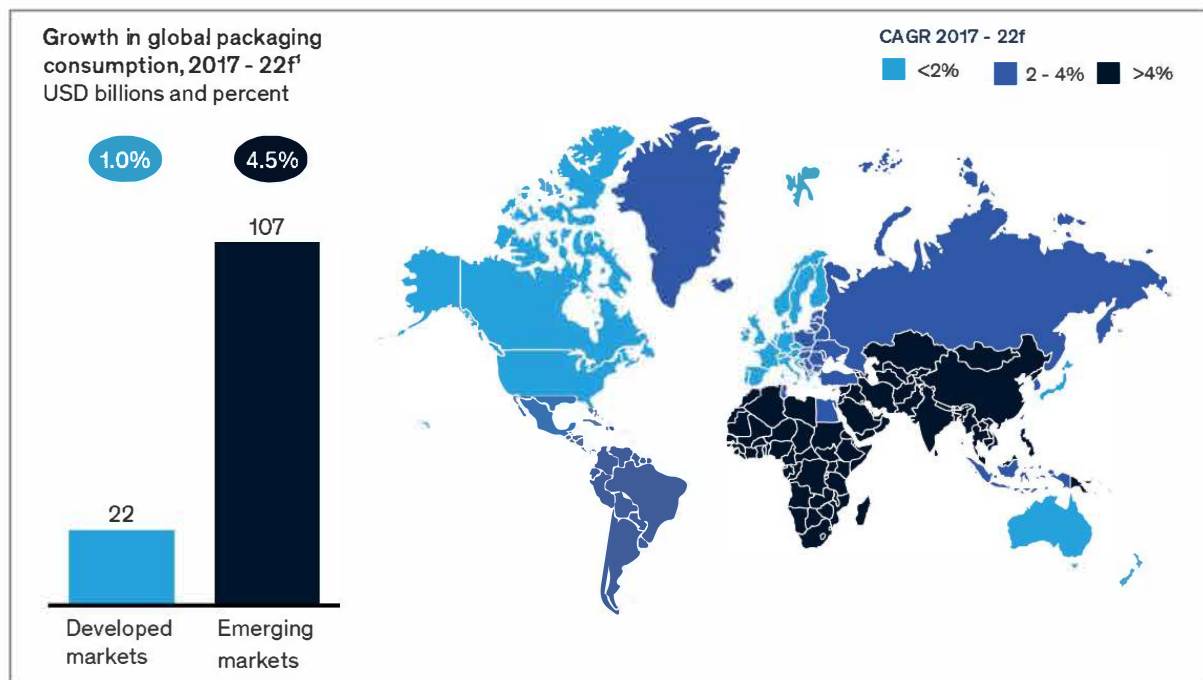


Figure 2.3 Growth in global packaging consumption, from Feber, Nordigården, and Varanasi (2019).

Four key trends that will dominate the next decade are economic and demographic growth, sustainability, consumer trends and brand owner trends (Smithers, 2019a). Likewise, Beutner and Klaus (2012) identified sustainability and demographic development among others as important trends within the packaging industry, while Feber et al. (2019) observed five major trends containing sustainability as well and e-commerce with a high trend impact (see Figure 2.4).

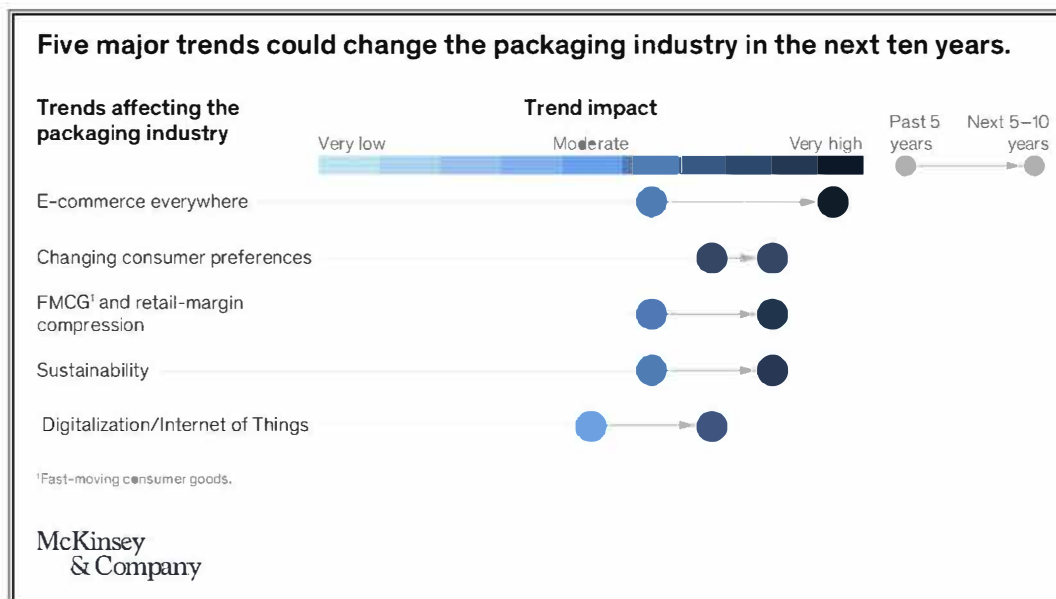


Figure 2.4 Major trends in the packaging industry, from Feber, Nordigården, and Varanasi (2019).

The GPI is a traditional, mature industry serving primarily tangible products with a market size of €27.1 billion in 2019 (Breitkopf, 2020b) and including five main packaging types (see Figure 2.5): paper and board, plastic, glass, metal and wood (Breitkopf, 2020c; Hoffmann, 2016; Väh et al., 2011).

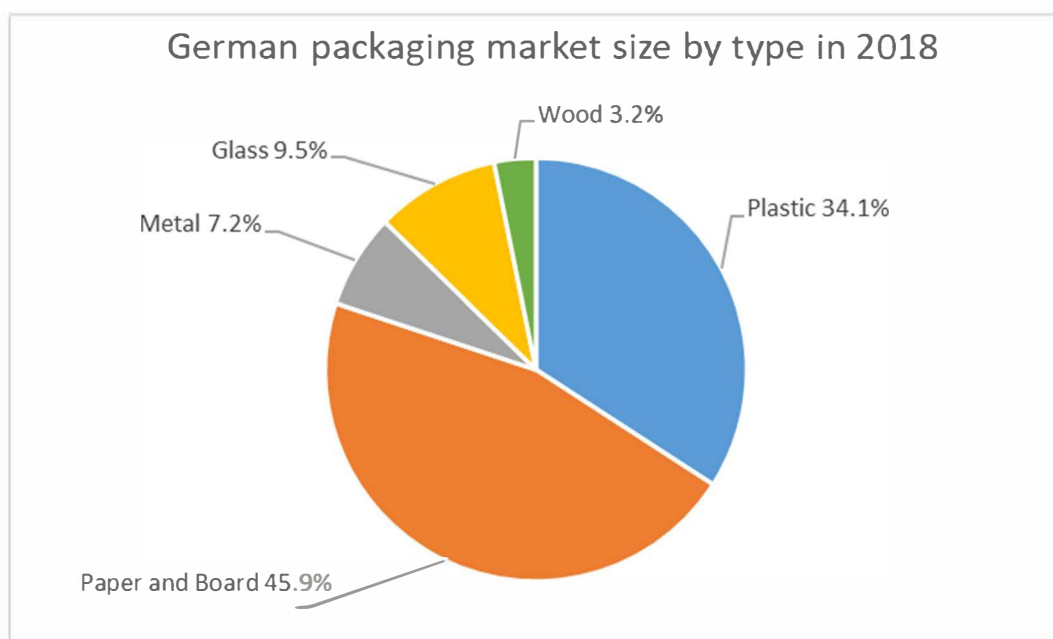


Figure 2.5 German packaging market size by type, data from Breitkopf (2020c).

The GPI consists of more than 90% small and medium enterprises (Hengsberger, 2016; Hoffmann, 2016) and are often family businesses (Väth et al., 2011). Väth et al. claimed that the packaging market has a fragmented supplier structure and the majority of packaging companies in Germany generate sales of less than €50 million. Altogether, 703 companies belong to the GPI (see Figure 2.6), with 43% producing paper and board packaging, 37% producing plastic packaging and less than 7% involved in manufacturing metal, glass and wood packaging, respectively (Breitkopf, 2020c).

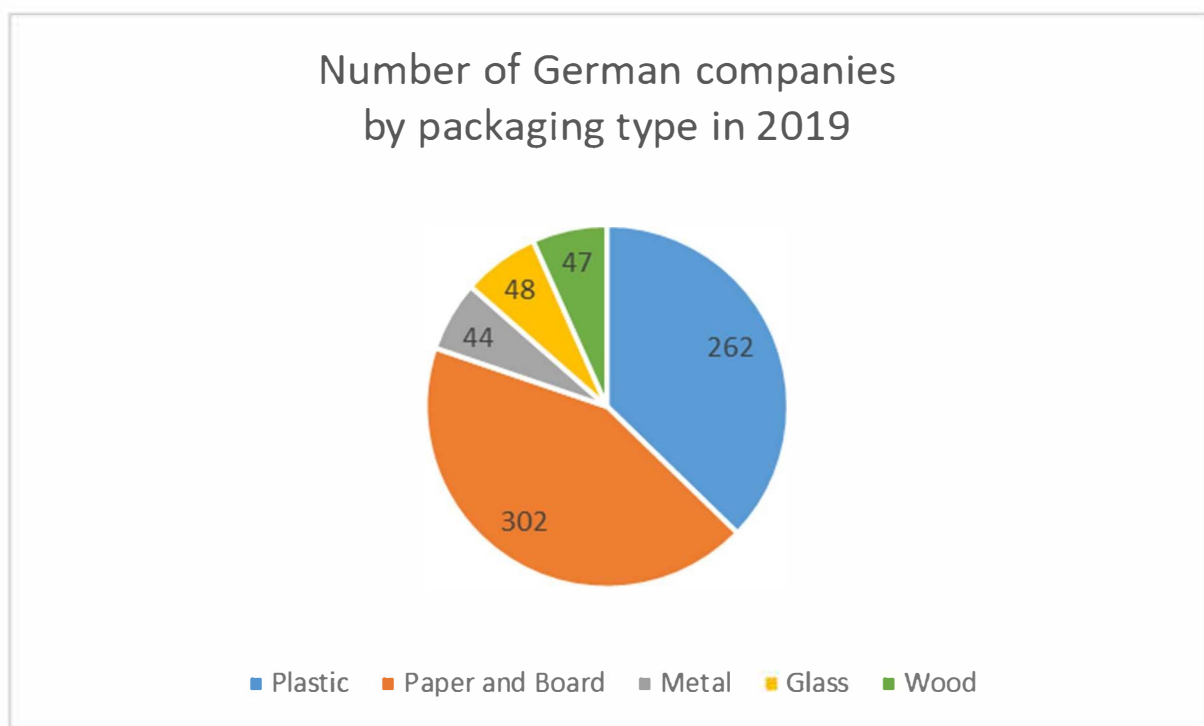


Figure 2.6 Number of German companies by packaging type, data from Breitkopf (2020c).

The ability to innovate in the market is a major competitive advantage, and in addition to sales-promoting innovations, sustainability is a crucial factor in remaining competitive in the future (Väth et al., 2011). Väth et al. outlined that market-relevant innovations can achieve EBITDA margins of between 10% and 20%, while less innovative companies achieve an EBITDA margin of between 5% and 15%.

The GPI generates about 70% of their revenue from the domestic market and 30% abroad, particularly in neighbouring European countries (Hoffmann, 2016) and favours countries like France, Austria, Switzerland and Eastern European countries for their first internationalization activities (Beutner & Klaus, 2012). Altogether, 43% of the GPI generates less than 10% of their revenues outside Europe (Väth et al., 2011).

Additionally, there is a more intense internationalization of competition in the global packaging market – on the one hand, providers from emerging countries are pushing into established markets such as Germany with packaging for standardised bulk goods; and on the other hand, low wage costs and sometimes better access to relevant raw materials are competitive advantages for companies from these countries (Väth et al., 2011).

Neil-Boss and Brooks (2013) claimed that packaging firms – known in the materials industry as converters – are engaged in converting commodity raw materials such as polymer, board or paper into value-added consumer or industrial packaging, which puts packaging companies in a potentially assailable position in the value chain (see Figure 2.7).

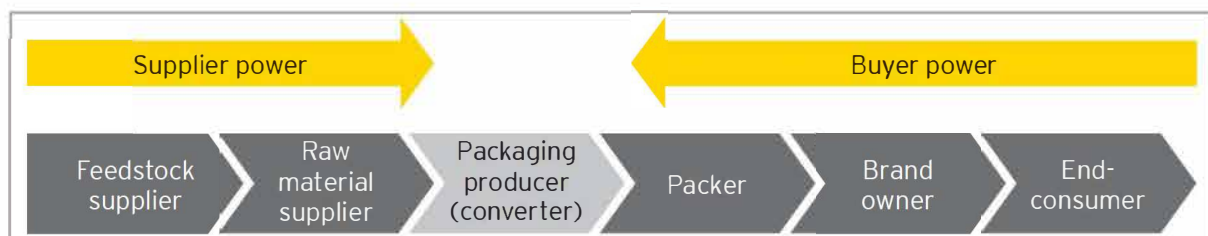


Figure 2.7 Packaging value chain, from Neil-Boss and Brooks (2013).

Neil-Boss and Brooks' survey revealed that the bargaining power of GPI firms towards both suppliers and customers can be classified as low to moderate, at most. This is caused by the medium-sized market structure and market fragmentation; hence, medium-sized companies rarely have the opportunity to negotiate their purchase prices with raw material suppliers in their favour, since the lower purchasing volumes often do not allow the necessary room to negotiate.

Similar to the procurement of raw materials, GPI manufacturers only have moderate price negotiating power with customers since packaging materials for the mass market, and for the food and beverage industry in particular, are primarily purchased from large customers who dominate this market segment (Väth et al., 2011). However, GPI firms that are active in a niche segment or that offer innovative and special packaging solutions indicate a high level of negotiating power with customers, which is mainly due to the more complex structure and the manufacturing process of the packaging as well as the associated lower competition (Väth et al., 2011). The packaging industry is changing. More innovation efforts (see section 2.3.2) in both products and processes, more automation and mechanisation, cost pressure and excess capacities of some packaging types are all challenges currently facing the industry (Röhrig et al., 2010).

2.3.2 Internationalization

At least three theoretical streams have relevance for the internationalization of SMEs, namely, stage models (see section 2.3.4.1., 'Uppsala model'), foreign direct investment (FDI) theories, and network theories (Etemad & Wright, 1999). Recent FDI theories are built on the findings of Hymer (1976). Having a firm-specific advantage (FSA) empowers international firms to compete against local firms, regardless of the disadvantage of their foreignness. FDI theories do not rely on time as a driving factor to stimulate or deter FDI, although most of the benefits decline over time. FDI is rather viewed as a process that enables a company to combine its FSAs with host-country advantages and to utilise these combined advantages internally by setting up its own system of foreign subsidiaries. Furthermore, FDI should be conducted without resorting to partner resources as the primary concern is to maintain control.

Etemad and Wright (1999) claimed that network theories are based mainly on sharing their respective complementary, competitive advantages with other companies. Therefore, network theories weaken the assumption that FSAs unequally support international companies. Some loss of independence and profit-sharing is intrinsic in growth through networking. Nevertheless, partnerships among companies may allow a company to position itself in foreign markets faster than it otherwise could through independent FDI. By entering

foreign markets through networks, companies with resource constraints do not lose time gaining expertise or market knowledge but rely on local firms in the target countries. Dabić et al. (2020) argued that, according to network theory, knowledge-based business-service firms (in particular) achieve competitive advantage by developing mutually supportive interactions with other service firms. The emphasis on networks is valid since formal or informal networks may be instruments employed by SMEs to bypass the resource constraints that they encounter. While network theory offers a good explanation of the internationalization phenomena in interpreting the relationship between, for example, the liability of foreignness and the liability of 'outsidership', its application has been somewhat limited. Further studies applying network theory could be very useful, primarily in emerging markets where the limited availability of networks has been identified as a key obstacle (Senik et al., 2011, cited in Dabić et al., 2020).

Resource-based approaches focus on the development and exploitation of exceptional clusters of competencies and resources in the process of a company's internationalization (Etemad & Wright, 1999). Etemad and Wright (1999) treated such internally developed resources as specific FSAs and classify resource-based approaches into FDI theories. SMEs need to compensate for the disadvantages of having limited resources, constrained access to foreign markets, and inexperience in international operations. Established models are not suitable to describe the success of small firms. SMEs' behaviour must be considered through a holistic process in which insights are derived from several theoretical approaches, including the stage models, FDI theories, and network theories outlined by Etemad and Wright (1999).

In their bibliometric and systematic review of SME internationalization, Dabić et al. (2020) identified six main theoretical subfields of SME Internationalization: (1) the Uppsala model, (2) the born global literature (see section 2.3.4.2, 'Born-global model'), (3) network theory, (4) transaction cost theory (TCT), (5) international entrepreneurship (IE), and (6) a resource-based view (RBV). In terms of entry modes, the stage models introduced by the Uppsala school (Johanson & Vahlne, 1977) hold that firms follow internationalization in a slow and gradual mode. This stands in contrast to the born-global (Rennie, 1993) and INV concepts (Cavusgil & Knight, 2015; Madsen & Servais, 1997; Oviatt & McDougall 1994). The network strategy approach (D'Cruz & Rugman, 1994) is beneficial for understand the bootstrapping

capacity of entrepreneurs and SMEs in respect of strategic alliances and joint ventures and to appreciate the use of social capital as an instrument for expansion and success.

Transaction cost theory (Williamson, 1981) has also been used to explain why SMEs participate in internationalization; the antecedents and consequences of the internationalization decision have both been seen as a response to market failures (Dabić et al., 2020). Dabić et al. (2020) maintained that a core issue investigated by studies taking this approach is the relation between MNEs and SMEs and the problem of cooperating or being absorbed. In transaction cost studies, the unit of analysis is the transaction itself and not the company. However, these assumptions have been frequently tested at an aggregated level, leaving less space for an interpretive approach that is able to address cognitive reactions to local market conditions. The emergence of international entrepreneurial firms is largely considered through the resource-based view and network perspectives.

Theories of international business should be employed in combination with other concepts. In terms of theoretical understanding, the RBV perspective (Barney 1991; Wernerfelt, 1984) is used to explain the internationalization of SMEs by looking at the resources and characteristics they employ to ensure their success in going abroad or going global. Other authors, for example, Priem and Butler (2001), have been more cautious in promoting the RBV paradigm, highlighting that these assumptions need to be balanced by the external factors outlined by Dabić et al. (2020). The RBV approach suggests that resources be characterized as simultaneously valuable, rare, non-substitutable, and unique, and when organizations' physical assets, infrastructure, and labour force fulfil these criteria, they qualify as resources (Barney & MacKey, 2005, cited in Dabić et al., 2020). Ultimately, the RBV is an effective framework for illuminating the activities of SMEs and, to some extent, is a fit to the SME context because it is able to capture its informality and centres on the key role of the owner-manager. However, there has been a propensity to oversimplify assumptions when drawing conclusions from RBV, and it has been suggested that the RBV does not meet the empirical criteria for valid theoretical systems. Furthermore, traditional RBV research has focused mainly on MNEs and might be less applicable to SMEs.

A key issue is that five of the six main theories view globalization as a gradual process in which an SME or IE can gain experience, gather resources and develop the skills needed to operate

globally (Dabić et al., 2020). The globalization of markets (Levitt, 1983) and competition (Ohmae, 1990) are drastically reducing the time span of these processes. As a result, these theories fail to understand the constraints SMEs may face in controlling their own development path. Moreover, there is growing evidence that SMEs and IE are rapidly globalizing despite resource constraints. Hence, the limitations of these established theories and their use in respect of SMEs have to be questioned. It is conceivable that human capital theory – in which the continuous development of skills enables changes in action – is better placed to explain such a dynamic context (Dabić et al., 2020). Dabić et al. (2020) criticized the lack of studies fully accounting for the antecedents and consequences of the enclosed local or national conditions in which SMEs operate. For instance, spatial, linguistic, and cultural proximity is often rated positively with regard to the chances of an internationalization strategy by SMEs succeeding. This is likely related to specific difficulties faced by SMEs, mainly due to resource constraints, in entering distant territories in terms of markets, culture, legislation, and so on. For example, SMEs face legitimacy, economic and resource dependency challenges when attracting and retaining talent who can contribute to successful internationalization.

Jafari Sadeghi, Nkongolo-Bakenda, Anderson and Dana (2019) have a similar approach. They investigated key institutional characteristics, such as sociocultural (see section 2.3.3, 'Sociocultural Factors'), political, legal and economic factors in SMEs from developed versus developing countries. Subordinated to the economic factors are the competitive pressure of international markets, the nature of demands in international markets, domestic resource advantages, and general domestic economic characteristics. These authors revealed that SME internationalization can be affected by universal or context-based factors. Context-based factors are specific to the particular condition of the people and location of the company, and universal factors influence the firm's foreign activities regardless of the company's origin.

Human capital, knowledge management, and motivational studies are three substantial trends in the SME internationalization literature (Dabić et al., 2020). First, excellent human capital is now recognized as crucial for effective SME internationalization. While SME studies on human capital tend to focus on entrepreneurs, less attention has been paid to workers in SMEs. Although human capital theory has been applied to SMEs, the application and scope of this research are inadequate. However, it has been shown that SMEs exhibit a high demand

for both external knowledge and inter-organizational knowledge transfer. Second, knowledge management, in particular knowledge transfer, is integrated with the ability of SMEs to build networks and transfer technology. R&D development offers considerable advantages for efficient knowledge transfer, especially for SMEs; this is of fundamental importance for the internationalization of SMEs (Wright et al., 2007, cited in Dabić et al., 2020).

The international performance of SMEs may depend on the global mobility of employees, which involves a transfer of knowledge from abroad to the SME's home location (Dabić et al., 2020). SMEs should make it a strategic priority for their employees to gain international experience. Third, motivational studies – as part of cognitive studies – are gaining importance in the study of the internationalization of SMEs and entrepreneurs. There are a variety of motivational factors that have been identified as important in the internationalization of SMEs, but the most important is a global mindset (see section 2.4, 'Initial Conceptualisation'). As a corollary to that, motivation for internationalization can be derailed by ethnic, religious, and language barriers.

Dabić et al. (2020) identified several research gaps in SME internationalization. With regard to qualitative studies, the authors specified e-business, service, entry, cooperation, cluster, trade, and institutions as areas requiring attention. In terms of quantitative studies, there are few studies on SME internationalization with a focus on technology, competition, management, and innovation. They indicated four key gaps in the literature: (a) emerging markets, (b) comparative country and cultural studies, (c) regional studies within developed countries, and (d) low-tech industries in developed countries. Dabić et al. (2020) maintained that there are several studies on the export activities of multifaceted urban manufacturing SMEs with high-technology-based products and focused on INV. However, few studies have focused on low-tech industries frequently localised in rural areas. The research gaps outlined above and the findings of Dabić et al. (2020) lend support to the focus of this study; GPI is a low-tech industry located in a developed country.

Scholars have argued that innovation supports companies in their cross-border activities; through innovation, companies can develop new competitive products that allow them to overcome the obstacles to entering foreign markets (Saridakis, Idris, Hansen, & Dana, 2019). Saridakis et al. (2019) observed that innovative SMEs are more likely to export their products

than non-innovative SMEs. However, the relationship between innovation and internationalization varies depending on the type of innovation and its degree of novelty. Product innovation is the introduction of improved goods or services, whereas process innovation is the initiation of new production processes to decrease costs or increase quality. Innovations can also be differentiated, based on their novelty, into radical and incremental innovation. Radical innovation can be defined as improvements in knowledge resulting from the development of new products and processes that are novel to the market or industry. Incremental innovation is continuous improvement to products or processes that are novel to the company only. Saridakis et al. (2019) maintained that goods innovation is more closely linked than service or process innovation to the propensity to export. Furthermore, when distinguishing degrees of novelty, SMEs are more likely to internationalize than non-innovative SMEs if they introduce radical innovation that is new to the market or the industry – in addition, combining radical and incremental innovation increase the probability of SMEs internationalizing.

2.3.3 Sociocultural factors

Society and culture are not directly included in business operations; however, they indirectly appear as key aspects in determining how a business is led, from decisions on what goods are produced and how and through what means they will be marketed, to the creation of managerial and operational patterns and the evaluation of the success or failure of companies' cross-border activities (Masovic, 2018). There are several sociocultural factors that have a considerable influence on internationalization. The major sociocultural factors are material culture, language, level of education, religion, aesthetics, attitudes and values (Carter, 1997; Trehan & Trehan, 2009).

Culture is linked to the manner in which societies arrange social behaviour and knowledge (Hall, 1973; Kroeber & Parsons, 1958, as cited in Thornton, Ribeiro, & Urbano, 2011). More than 80% of the literature on culture and firm internationalization centres on cultural distance (Lopez-Duarte, Vidal-Suarez, & Gonzalez-Diaz, 2016). Cultural distance can be defined as the difference between the cultures of the home and host countries and is an important consideration in internationalization strategies (Beugelsdijk, Kostova, Kunst, Spadafora, & van

Essen, 2018). Scholars have claimed that internationalization is an ever more common strategy for corporations around the world, and understanding the influence of cultural differences on the survival and success of these ventures is essential. Cultural distance is frequently seen as a source of uncertainty, complexity, and additional costs. Cultural distance creates difficulties and challenges for firms when there is a lack of knowledge and understanding of how the host country works. Perceived foreignness also creates barriers to collaboration and cooperation.

The conceptions of national cultures put forward by Hofstede (1980), the Global Leadership and Organizational Behaviour Effectiveness project – GLOBE (House, Javidan, Hanges, & Dorfman, 2002) as well as Trompenaars (1993) are broadly recognised; they have in common that they claim to measure national cultures (McSweeney, 2015). The concepts of the three differ only slightly from one another (Earley, 2006). Hofstede's (1980) work is one of the most cited in the context of culture (Parboteeah, Hoegel, & Cullen, 2008). His findings demonstrate that culture can be quantified rather than being something that was regarded as very complex, multidimensional and mainly unmeasurable (Ferreira, Serra, & Pinto, 2014). Hofstede (1980) described how culture is defined in different forms, how cultural values at individual or societal levels are influenced by national culture and how cultural differences across nations can be reduced to quantifiable dimensions (Thornton et al., 2011).

Hofstede's (2001) cultural framework describes five dimensions: power distance, uncertainty avoidance, individualism, masculinity and long-term orientation. Power distance is the extent to which the less powerful members of organisations respect and expect an unequal distribution of power. The essential issue here is the level of human inequality that underlies the functioning of any individual society. Uncertainty avoidance is the degree to which a culture programmes its population to feel either uncomfortable or comfortable in unstructured settings. Unstructured settings are those that are new, unknown, surprising or different from usual. The fundamental issue is the extent to which a society tries to control the uncontrollable. Individualism – as distinct from collectivism – is the extent to which individuals are intended to look after themselves and their family members or stay integrated into groups. The masculinity dimension relates to the distribution of emotional roles between the genders, which is another essential issue for any society. Long-term orientation refers to the extent to which a culture programmes its population to agree to delayed fulfilment of

their material, social and emotional needs. Long-term orientation is the cultivation of virtues that are aligned with future rewards. These include, in particular, persistence and thrift.

Hofstede (2021) compared the German culture to that of other nations on a 100-point scale. He noted that Germany is a low power distance country (35 points), which is particularly evident from its strong middle class and decentralized politics. In companies, the nature of communication and meetings is direct and participant-oriented. Co-determination rights are comparatively far-reaching and must be taken into account by management. Control is rejected, and the leadership is challenged to show their competence. Furthermore, Germany is a relatively individualistic society (67 points). The focus of most Germans is on the small family group, and the individual's self-realization is foregrounded. Furthermore, Germany is viewed as a primarily masculine society (66 points) and is a country with a relatively high value placed on uncertainty avoidance (65 points). Its long-term orientation (83 points) indicates Germany's pragmatic character. People from societies with a pragmatic orientation believe that the truth depends heavily on the situation, context and time. People have the ability to easily adapt traditions to changing conditions, as well as a great willingness to save and invest. In addition, they are persistent in achieving results.

Carter (1997) reflected on Hofstede's work and argued that improved economic growth can be explained more by culture than structural or material changes. Carter (1997) explained that economic power comes from accepting the legitimacy of hierarchy and the appreciation of perseverance and thrift, without emphasis on tradition and social obligations that could hinder business initiative, individualism and a propensity towards competitiveness to the detriment of amity and concord. The dominant view is that entrepreneurship is supported by cultures that are high in individualism, low in uncertainty avoidance, low in power-distance and high in masculinity (Hayton, George, & Zahra, 2002, as cited in Thornton et al., 2011).

Similar to Hofstede, Hall's (1973, 1976) contributions applying anthropology to business and government settings have received much attention (Bluedorn, 1998). Hall (1976) explored three principles of culture: space, time and context. Hall (1976) considered proxemics, or how space (proximity versus distance) affects communication and chronemics, the connection between time behaviour (monochronic versus polychronic) and communication. The third dimension concerns the cultural differences in contextual communication – high-context

cultures versus low-context cultures. In low context cultures, for instance, the Swedish culture, information must be written, and the message is explicit (Carter, 1997). On the contrary, in high context cultures like China, a person's word is their commitment and less verbal messaging is needed. Furthermore, Hall (1976) stated that only 10% of culture is easily visible, and 90% is hidden below the surface – similar to an iceberg. The external part of culture is visible and includes behaviours and some beliefs. The internal part of culture is invisible and includes some beliefs, values and thought patterns. Hall maintained that the only way to learn the internal culture of host countries is to actively participate in their culture.

Cultural problems between business partners coming from different cultural categories are one of the key challenges of knowledge management in international business collaboration (Sanchez Bengoa, Kaufmann, & Vrontis, 2012). Sanchez Bengoa et al. (2012) reported that firms can achieve international competitiveness if they recognize the large potential benefits of value-creating knowledge exchange and transfer as well as the significance of emotions and emotional intelligence in sharing knowledge. Training in intercultural competence is important for preparing individuals for the challenges and opportunities that can be found when living and working in new cultural settings with diverse groups (Kaufmann, Englezou, & García-Gallego, 2014).

2.3.4 Patterns of SME internationalization

2.3.4.1 Uppsala model

The Uppsala model (or U-Model or stage theory) and the born-global concept are prominent internationalization models in the field of international business and have attracted the researcher's interest for the last twenty years (Paul & Rosado-Serrano, 2019). The Uppsala model or stage theory describes the gradual increase (see Figure 2.8) of a firm's cross-border activities (Johanson & Vahlne, 1977; Johanson & Wiedersheim-Paul, 1975), whereas the born-global approach relates to companies that internationalize from the outset (Knight & Cavusgil, 1996; Madsen & Servais, 1997; Rennie, 1993).

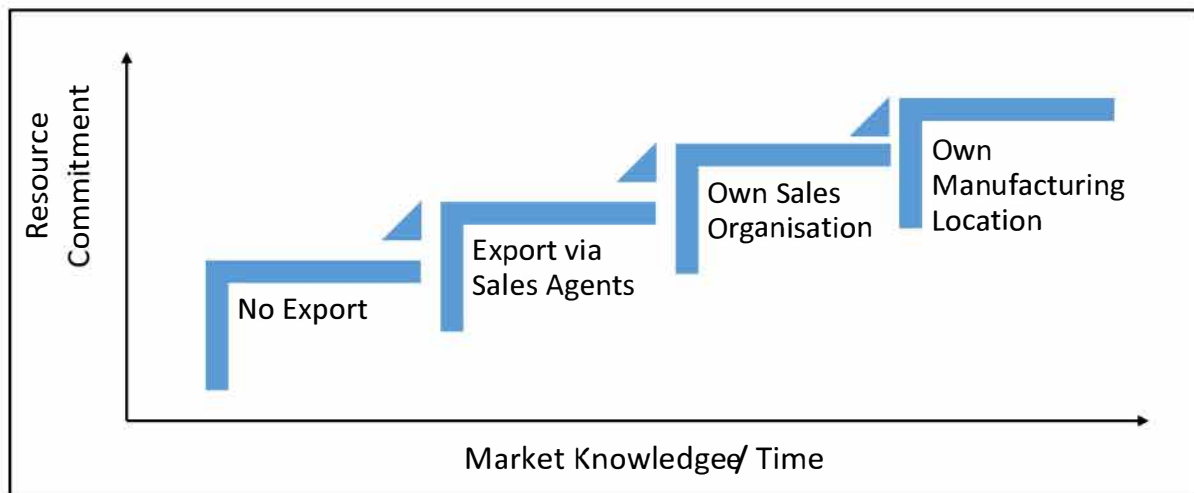


Figure 2.8 Establishment chain, adapted from Stallmann and Wegner (2015).

The Uppsala model states that enterprises or traditional firms (Bell, McNaughton, Young, & Crick, 2003) can enhance their international involvement in small gradual steps starting in psychically close countries i.e. countries that share similar national mindsets and sociocultural values and are going to enter new foreign countries with a greater psychic distance (see Figure 2.9) because of previously collected knowledge (Ruzzier et al., 2006). The Uppsala model projects that internationalization will progress even though strategic decisions related to the market are not conducted, and internationalization develops systematically from no foreign activity, through indirect export to sales subsidiaries, and finally to manufacturing units as the highest degree of international involvement (Johanson & Wiedersheim-Paul, 1975; Knight & Cavusgil, 1996).

Johanson and Vahlne (1977) outlined that the lack of country and market knowledge in terms of language, culture and information about foreign markets are important obstacles for firms to internationalize. Psychic distance consists of cultural affinity, trust and individual experience, whereas cultural affinity contains country-level differences including cultural differences, language and the legal environment (Horner, Baack, & Baack, 2016). Horner et al. claim that trust describes the business distance with differences in doing business between firms in separate country markets and that business distance consists of industry-level and firm-level differences. Individual experience forms an essential part of the psychic distance

construct, which may affect the procedure of strategy evaluation and strategic choice with regard to cross-border activities.

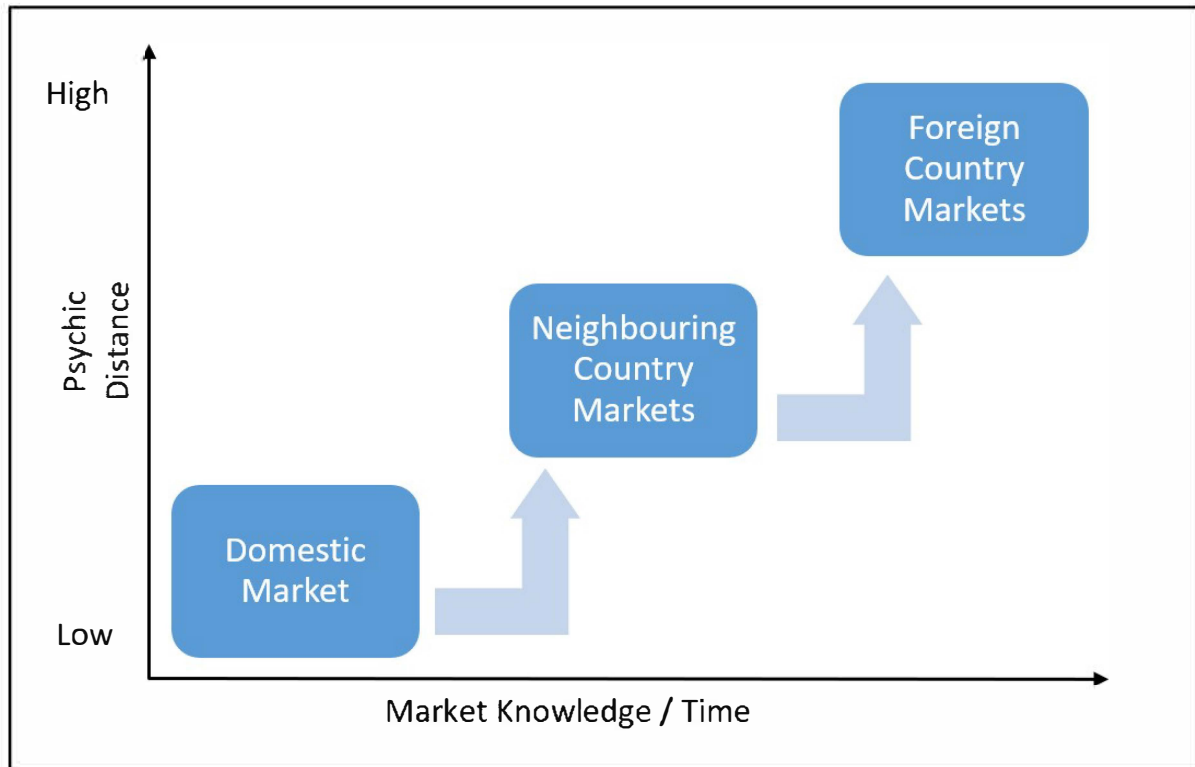


Figure 2.9 The gradual international expansion of traditional firms.

In 2009, Johanson and Vahlne revised the Uppsala internationalization model they introduced in 1977 and substituted the country market concept by a perception of the foreign market as a business network (Forsgren, 2016). Forsgren noted that the revised model considers the foreign market as a business network instead of a country market and that in accordance with business network theory a firm tries to change its network position from outsidership to insidership, which means that the difference between the domestic market and the foreign market is associated with the firm's business context rather than with the country's frontiers.

Johanson and Vahlne (2009) responded to critique about their stage model in light of the born-global phenomenon by outlining that most partial changes in firm behaviour have more to do with changes in the international environment than with changes in internationalization

mechanisms and that the influence of theory affects the order in which a firm enters foreign markets, thereby decreasing psychic distance.

Furthermore, some firms and individuals have acquired a more general knowledge of foreign environments which may lead to greater confidence in their ability to cope with the psychic distance (Johanson & Vahlne, 2009; Sousa & Bradley, 2006, as cited in Johanson & Vahlne, 2009). The relationship between market entry order and psychic distance is related to the decision-maker and does not apply at the level of the firm.

2.3.4.2 Born-global approach

Traditional models consider internationalization to be a risk-reducing and gradual process whereby enterprises allocate resources to international operations when they have gained experience to reduce uncertainties; hence, internationalization is a time-consuming process (Hilmerston & Johanson, 2016). In contrast, later research states that internationalization can occur much faster, as outlined by Hilmerston and Johanson. The inability of traditional internationalization theories such as the Uppsala internationalization model to explain why some SMEs internationalize from inception has been addressed in the international entrepreneurship theory, which is linked to INVs and the born-global concept (Wright et al., 2007). INVs are firms that are looking for a relevant competitive advantage from the outset by using resources and the sale of outputs in several countries (Oviatt & McDougall, 1994). The difference between INVs and born-global firms is the broader market scope of the born-globals (Sheppard & McNaughton, 2012). However, there are debates on how to differentiate, and Johanson and Vahlne (2009) maintained that many born-global firms are more likely to be born-regional or born-international (as cited in Sheppard & McNaughton, 2012). Corresponding literature uses other names for the same phenomenon such as innate and adoptive exporters, infant multinationals, high-technology start-ups, global start-ups, instant internationals, international entrepreneurs, and early internationalizing firms (Glowik & Sadowski, 2014). In addition to the different names, common consent is that these firms phase plenty of organisational activities across various countries (Oviatt & McDougall, 1995, as cited in Glowik & Sadowski, 2014).

International entrepreneurs try to avoid domestic path-dependence by establishing firms that have formed routines for managing multicultural workforces, for coordinating resources located in different countries, and for targeting customers in multiple countries simultaneously (McDougall et al., 1994, as cited in Wright et al., 2007). In terms of the classification INV or born-globals, the majority of researchers define the period of two to three years since inception until the first cross-border activity is executed by a firm (Glowik & Sadowski, 2014). Knight and Cavusgil (2004) maintained that a born-global firm can be defined as an enterprise that achieves 25% of its sales from foreign countries within three years (as cited in Paul & Rosado-Serrano, 2019). Glowik and Sadowski noted that a firm with at least 25% of foreign sales will qualify as an INV and that there are no precise figures available in relation to the number of foreign markets. Lehmann and Schlange (2004) described three success factors that explain the born-global phenomenon: internal corporate components, external corporate components, and the manager's personality. Figure 2.10 shows the above-mentioned success factors and outlines the corresponding attributes.

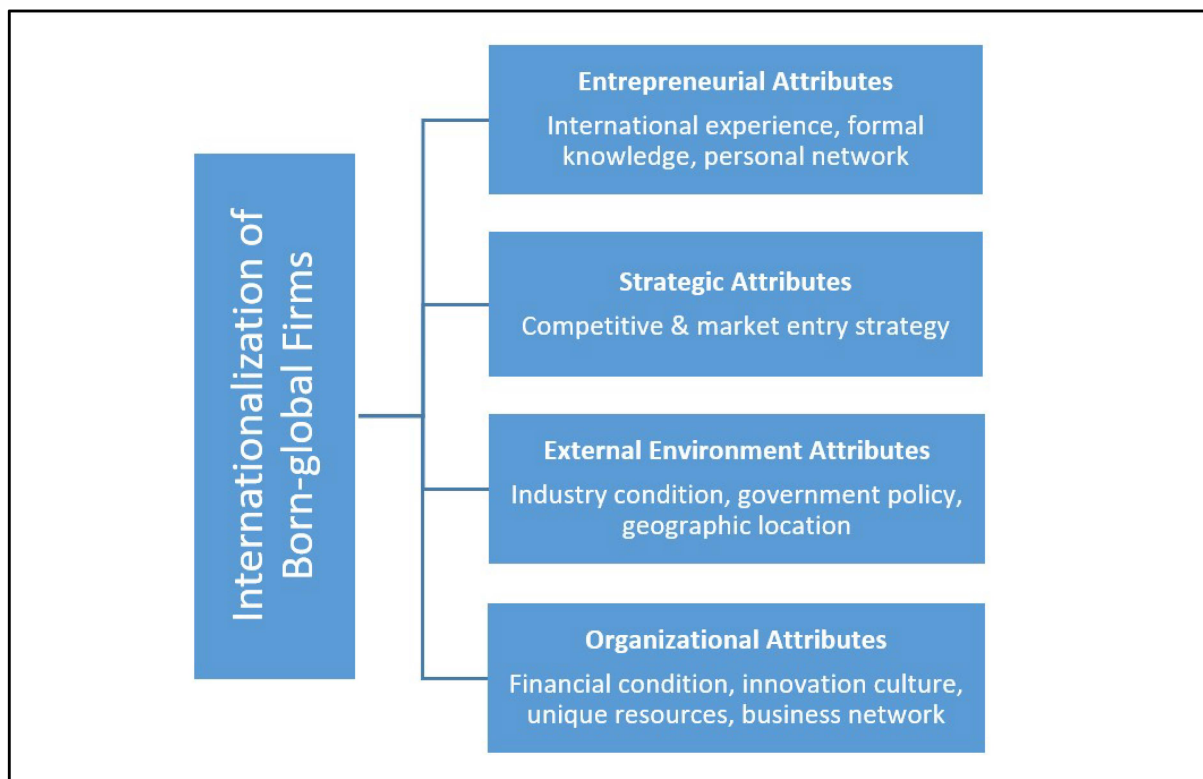


Figure 2.10 Internationalization success factors of born-global firms, adapted from Andersson, Danilovic and Huang (2015).

There is a broad consensus related to the entrepreneurial qualities of managers of born-global firms. Lehmann and Schlange (2004) stated they have a strong international orientation and cross-cultural competencies. They often speak several languages and have already worked abroad and built up a network of contacts with potential sales agents. Their products are developed for the international market and tailored to different needs in different countries right from the start and their choice of markets is not a question of geographic location but simply of market potential. The corporate external factors are the mobility of customers, market homogeneity, fewer trade restrictions, lower transport costs, shorter product life cycles, overcoming physical distance by digital communication, and cooperation with MNEs that support SMEs' internationalization (Rialp, Rialp, & Knight, 2005). Finally, the availability of resources and high R&D activities of innovation-driven firms are observed as internal characteristics for early and rapid internationalization (Lehmann & Schlange, 2004).

2.3.4.3 Born-again global approach

Firms that conduct business for many years without any cross-border sales until some critical incident forces them to expand their business into foreign markets are defined as born-again globals (Bell et al., 2001, as cited in Sheppard & McNaughton, 2012). Sheppard and McNaughton found that born-again global firms are larger and more established because of long periods of activity within their home market and that both path dependency and administrative heritage can be barriers to internationalization. However, these firms will have better access to resources. In contrast, born-global firms have significant resource constraints. One important observation is that the born-global phenomenon is not only linked to new ventures, and critical incidents may arise much later in the life of a firm to induce rapid internationalization (Bell et al., 2001; Sheppard & McNaughton, 2012). Such incidents can be caused by a change in ownership or management due to a takeover by another firm, following a customer into new markets, or by their increasing acquirement of information communication technologies (Bell et al., 2003).

The born-again global firms changed focus from a national to an international direction effected by new human or financial resources, new networks or the adoption of new market knowledge (Bell et al., 2003). Table 2.7 illustrates the main differences between the introduced internationalization patterns.

	Traditional firms (U-Model)	Born-global firms	Born-again global firms
Attribute	incremental cross-border activities, reactive, ad hoc, opportunistic, reluctant management	pursue global niche markets from the outset, proactive, structured approach, committed management	abrupt international orientation late in firm's life caused by critical incident, reactive, systematic strategies after incident
Entry mode & Market selection	focus on domestic markets first, prefer psychically close markets, target less developed markets, active in one market at a time, focus on a small number of key markets	parallel domestic and cross-border activities, much less influenced by psychic proximity, enter many lead markets at once, networks	enter many lead markets at once after a long period of almost exclusive domestic market activity, client followship
Pace & Time	slow	rapid, early in life	rapid, late in life
Trigger	disadvantageous domestic market conditions, unrequested orders, to finance product or process improvements	active search of business opportunities abroad, small domestic market, niche products	new human or financial resources e.g. MBO, take-over
Channel	agents, distributors	client's existing channels, alliances with customers, agents, distributors	client's existing channels, alliances with customers, agents, distributors
Objective	firm survival, boosting sales volume, greater market share, extending product life cycle	short product life cycle, narrow window of opportunity, first mover advantage	exploit new networks and resources

Table 2.7 Classification of internationalization patterns, adapted from Bell, McNaughton, Young, and Crick (2003).

2.4 Initial Conceptualisation

The consolidation of packaging customers through mergers and takeovers by global corporations (e.g., Unilever, Nestlé, Heineken, Anheuser-Busch, Cadbury, Kraft Foods, and Coca-Cola) has forced the GPI to expand their internationalization activities in addition to their domestic operations (Beutner & Klaus, 2012; Röhrig et al., 2010). Altogether, 43% of companies in the GPI generate less than 10% of their revenue outside Europe (Väth et al., 2011) and Röhrig et al. confirm that in terms of customers and exports, the GPI supplies a relatively small share of the global market compared to other industries and has tended to operate regionally in close cooperation with its customers instead of being a global player. Nevertheless, for German manufacturers of packaging materials, internationalization is now more important than ever (Beutner & Klaus, 2012). As outlined in section 2.2, the GPI's internationalization ratio is about 34% lower than the German manufacturing industry's internationalization ratio. Thus, the observation by Röhrig et al. and Väth et al. related to the low levels of internationalization within the GPI, and the need to expand internationalization activities suggested by Beutner and Klaus as well as Hengsberger (2016), are substantiated by current data. Additionally, the literature review indicated that internationalization can proceed very differently depending on the sector (Taylor & Jack, 2016; van Tulder, 2015; Zaby, 1999, as cited in Kutschker & Schmid, 2008). The impact of the industry, as well as the applied technology on the internationalization behaviour of firms, is still largely unexplored (Grøgaard et al., 2013; Holtbrügge, 2005; Paul & Rosado-Serrano, 2019). Caves (1996) and Porter (1986) claim that industry factors are essential in order to understand the propensity of firms to internationalize (as cited in Grøgaard et al., 2013). Grøgaard et al. describe four industry factors that have a notable impact on a firm's tendency to internationalize: the level of competition, research intensity, the tangibility of the products, and the existence of clusters in the domestic market.

In summary, the GPI has a low level of internationalization and needs to expand its international activities. Furthermore, internationalization can proceed differently depending on the sector and the impact of the industry on the internationalization behaviour of firms, is still largely unexplored.

This research will evaluate the realities of the GPI in light of the Uppsala model and the born-global and born-again global approaches, and will synthesise its findings to develop an improved model to address industry-specific requirements. Because of the long-term GPI experience of the author, who held several executive roles in mid-sized family-owned, and in private, equity-backed multinational enterprises in conjunction with the literature reviews, internationalization conceptualisations emerged.

The three main segments of the initial GPI internationalization model ‘Environment’, ‘Integral Approach’ and the ‘GPI Internationalization Strategy’ – are derived from the narrative literature review. Figure 2.11 depicts the three segments of the initial model and the corresponding key literature that contributes to each of the model segments. Each segment can be divided into further components, for example, the segment ‘Environment’ contains the components ‘Industry Factors’, ‘Policy Measures’, and ‘Networks’. How the segments and components of the initial model are derived from the literature is then explained.

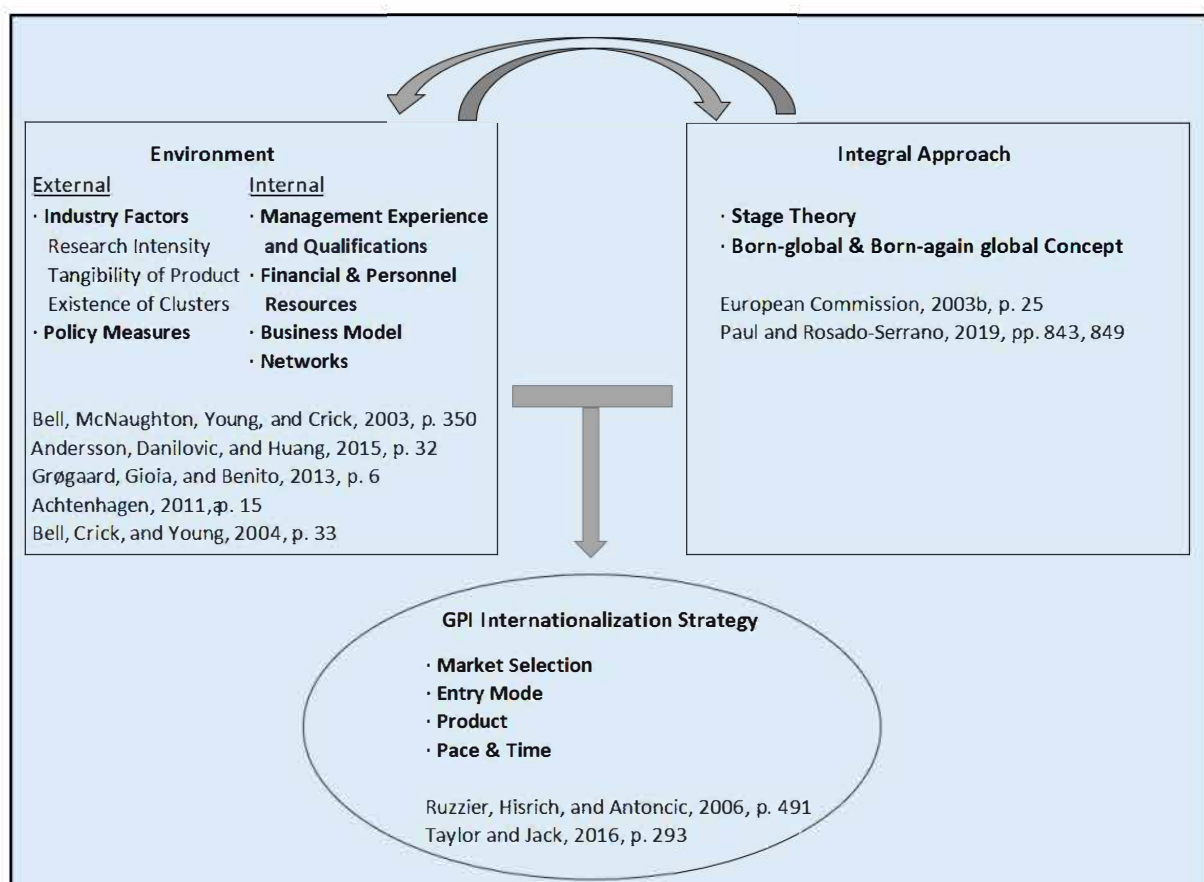


Figure 2.11 Segments of the initial GPI internationalization model derived from the narrative literature review.

Environment: In their model of small firm internationalization, Bell et al. (2003) set out the 'external environment' (e.g., domestic market conditions and industry trends) and 'internal environment' (e.g., firm's human and financial resources and management competencies) as components with relevant impact on firm internationalization. Andersson et al. (2015) differentiated the 'external environment', 'entrepreneurial', 'organizational', and 'strategic' perspectives in describing a model of the success factors for born-global internationalization. Andersson et al.'s (2015) external-environment perspective and that of Bell et al. (2003) inform the 'external environment' element of the initial GPI internationalization model. Andersson et al.'s (2015) entrepreneurial perspective and organizational perspective combined with elements of Bell et al.'s (2003) internal environment inform the 'internal environment' element of the initial GPI internationalization model.

Industry Factors: Grøgaard et al. (2013) have claimed that industry factors are essential to understand the propensity of firms to internationalize. They describe four industry factors that have a notable impact on a firm's tendency to internationalize: the level of competition, research intensity, the tangibility of the products, and the existence of clusters in the domestic market.

Policy Measures: Export policy has a substantive impact on export performance, and the significance of support services for SME internationalization has been investigated by a number of researchers (Achtenhagen, 2011). A detailed discussion of policy measures is provided on pp. 61 ff., 'DRQ 1.3'.

Management Experience and Qualifications: Bell et al. (2003) referred to management competencies in their internationalization model and Andersson et al. (2015) reflected on the importance of characteristics of born-global managers or entrepreneurs, for example, international experience, knowledge, and educational background.

Financial and Personnel Resources: Bell et al. (2003) have argued for the importance of human and financial resources to a firm's internal environment.

Network: Andersson et al. (2015) posited that entrepreneur's personal networks based on industry experience could be used to amplify their business. Furthermore, international business networks related to knowledge sharing at the international level is highly beneficial

and associated with the internationalization of born-global firms. Achtenhagen (2011) focused on two networks relevant to internationalizing: new relationships in new markets and existing networks abroad. Further discussions about networks can be found on pp. 59 ff., 'DRQ 1.2'.

Business Model: Bell et al. (2004) explored the relationship between small firms' business strategy and internationalization. The authors found that ownership and management issues have a high impact on the business strategies and international focus of small firms. A business model expresses the method by which a firm delivers value to customers, gets customers to pay for that value, and converts those payments to profits (Teece, 2010). A business model is more fundamental than a business strategy. Frequently, SMEs are not able to compete with large competitors on price, but they can generate a competitive advantage by concentrating their efforts, for example, in niche markets (Achtenhagen, 2011).

Integral approach: The European Commission (2003b) suggested a holistic approach to SME internationalization with reference to the stage theory and the born-global model. They maintained that the stage theory concept is challenged by the born-global concept. Furthermore, internationalization comprises a whole series of transnational activities, mutually supporting each other, rather than being sequential stages in a gradual transaction. Paul and Rosado-Serrano (2019) claimed to develop theoretic models to investigate the born-global approach of firms from, inter alia, traditional manufacturing industries. They claim that, in fast-developing environments, successful companies are agile and flexible with transformative instead of passive entrepreneurial management.

GPI internationalization strategy: Ruzzier et al.'s (2006) international entrepreneurship conceptual model identified four main dimensions of internationalization: mode, market, product and time. Taylor and Jack (2016) integrated three dimensions of born-global internationalization: speed, choice of entry mode and choice of markets.

In the following discussion, the term 'RQ' denotes the four general research questions which were derived from the systematic literature review. The detailed research questions (DRQs) were derived from the subsequent narrative literature review. First, based on the narrative literature review the RQs were evaluated, with the result that the RQs were still be considered to be relevant. Second, the indications from previous studies and secondary data from the

narrative literature review and the corresponding sources were catenated to the DRQs. Third, the interview questions (IQ) were linked to the DRQs to ensure that all DRQs are considered in the subsequent empirical research. Finally, all the DRQs were combined with components of the initial GPI internationalization model to ensure consistency in the conceptualisation process. The structure of the research framework with the above-described procedure is shown in Table 2.8. Subsequently, the conceptualisation process will be discussed in more detail.

Detailed RQ (DRQ)	Components of the initial model	Interview question (IQ)	IQ Schedule #	Indication from previous studies and secondary data	Source
DRQ 1.1 What are the key obstacles to expanding into foreign markets?	IDI 2 Financial & Personnel Resources	IQ 1.5 (DRQ 1.1, 1.2) What are the barriers to start or expand your business abroad?	5	c) Key obstacles for SME internationalization: 1 Shortage of working capital to finance exports, 2 Identifying foreign business opportunities, 3 Limited information to locate/analyze markets, 4 Inability to contact potential overseas customers, 5 Obtaining reliable foreign representation, 6 Lack of managerial time to deal with internationalization, 7 Inadequate quantity of and/or untrained personnel for internationalization, 8 Difficulty in matching competitors' prices, 9 Lack of home government assistance/incentives (see policy measures), 10 Excessive transportation costs (q), 11 (zg) language differences, socio-cultural differences, legal and regulatory differences or competitive differences in host countries zg) International marketing communication includes all methods companies use to provide information to and communicate with existing and potential customers and other stakeholders.	c) Achtenhagen, 2011; Abel-Koch et al., 2018; European Commission, 2003b zg) Morschett, Schramm-Klein, & Zentes, 2015 q) Neil-Boss & Brooks, 2013
	IDE 2 Policy Measures	IQ 4.3 What is the situation about your personnel and financial resources to internationalize?	16		
		IQ 4.4 Did you exclude certain entry modes due to resource constraints and which ones?	17		

Table 2.8 Research framework – excerpt DRQ 1.

Each RQ and DRQ is mainly addressed by the SME-specific and GPI-specific findings from previous studies and secondary data. A short conclusion (CON) follows each RQ and DRQ summarising the main predications which inform the initial GPI internationalization model. After each concluding paragraph, the respective segments of the initial GPI internationalization model with the introduced components are displayed, if applicable. Multiple relations can occur – for example, the component ‘policy measures’ has different aspects and is related to DRQs 2.1, 2.2 and 4.2.

The first research question (RQ 1) aims to determine the reasons for the low levels of internationalization within the GPI, which consists mainly of SMEs. Consequently, the detailed research questions (DRQ) emerged about the main obstacles to expansion into foreign markets (DRQ 1.1) and whether managerial internationalization competencies exist (DRQ 1.2).

RQ 1: What are the reasons for the low levels of internationalization within the GPI, which consists mainly of SMEs?

Findings: GPI firms tend to operate regionally and in close cooperation with their customers instead of being global players (Röhrig et al., 2010). The GPI internationalization ratio was 30% in 2015 and 31% in 2018 (Hoffmann, 2016; Breitkopf, 2019), whereas German SMEs in all manufacturing sectors had an average internationalization ratio of 68% in 2017 (KfW-Research, 2020). Born-global firms used to come from countries with small domestic markets (Glowik & Sadowski, 2014). In contrast, Germany has the fourth-largest packaging market globally (Interpack, 2020; Väh et al., 2011) with a market size of USD 38 billion, which may be why GPI firms used to have low levels of cross-border activity. Their domestic market is a major market with moderate growth rates, and it may not have been necessary to internationalize. More than 90% of the GPI is made up of SMEs (Hengsberger, 2016; Hoffmann, 2016). Only a few GPI firms have a global manufacturing and sales network and 88% of them have annual revenues below €50 million (Väh et al., 2011). Additionally, almost 60% of the non-internationalized SMEs have never considered internationalization, a fact which may indicate a need for raising awareness among German SMEs about the benefits that may be obtained from international business activity (European Commission, 2003b).

The European Commission (2003b) stated that internationalization is often accompanied by improved performance levels and competitiveness of SMEs, as indicated by several international studies.

CON 1: GPI firms consist mainly of SMEs that have low levels of international activity, with many non-internationalized SMEs having never considered activity abroad. The German packaging market is a major global market in itself, and there may not have been a need to internationalize.

DRQ 1.1: What are the key obstacles to expanding into foreign markets?

Findings: The key obstacles for SME internationalization are the shortage of working capital to finance exports, identifying foreign business opportunities, a lack of managerial time to deal with internationalization, limited information for locating and analysing markets, an inadequate number of trained personnel, an inability to contact potential overseas customers, difficulty in obtaining reliable foreign representation, difficulty in matching competitors' prices, a lack of domestic government assistance/incentives, (policy measures), excessive transportation costs (Abel-Koch et al., 2018; Achtenhagen, 2011; European Commission, 2003b) and language, sociocultural, legal/regulatory and competitive differences in the host countries (Morschett, Schramm-Klein, & Zentes, 2015). However, GPI firms have a robust financial structure characterised by a high equity ratio as well as a strong cash flow and financing requirements are often met by their own funds and bank loans (Väth et al., 2011). Achtenhagen (2011) maintains that phone calls, letters or visits to or from potential customers from abroad and business partners, visiting industry fairs, and participating in international project tenders all require proficient language skills. While larger firms might employ specialists with specific language skills, will send personnel on language/intercultural communication training courses, and ensure that important documents are translated, SMEs often lack the financial and human resources for intercultural communication and must instead rely on the personal competences of individuals in the firm (Achtenhagen, 2011).

CON 1.1: The key obstacles to internationalization for SMEs are personnel, knowledge and financial limitations. In contrast to the latter observation, GPI firms often have a robust financial structure and financing requirements are met by their own funds and bank loans. GPI-specific obstacles were not found in the existing literature, and future research could determine whether such obstacles exist. Figure 2.12 displays 'financial and personnel resources' as well as 'policy measures' as components of the 'environment' segment.

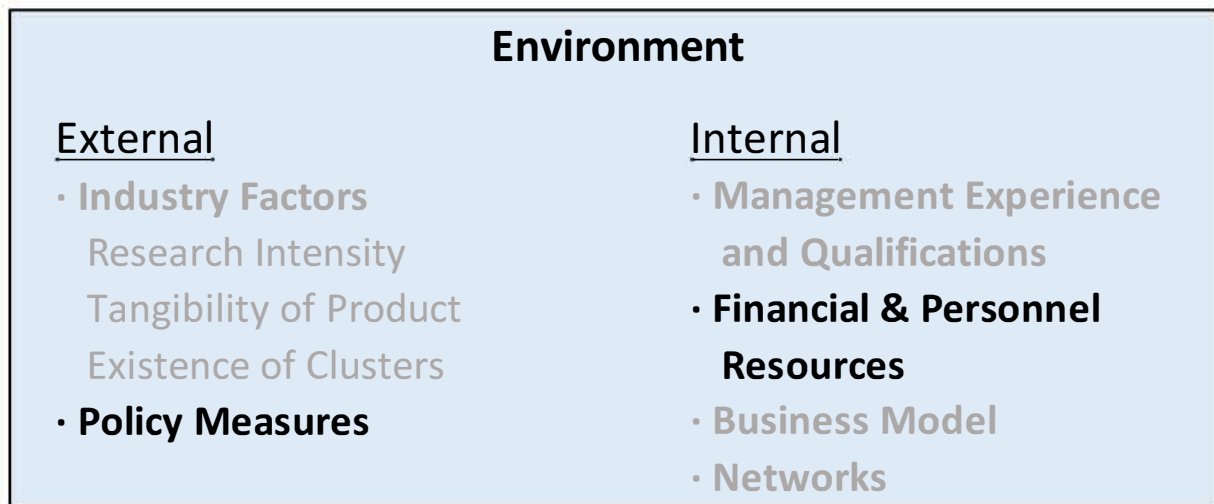


Figure 2.12 External and internal environment – policy measures, financial and personnel resources.

DRQ 1.2: Do managerial internationalization competencies exist?

Findings: The key factor leading to performance enhancement in the internationalization process is the international experience and exposure of management (Czinkota, Ronkainen, & Ortiz-Buonafina, 2004). The managers of born-global firms often have a high level of previous international experience and have cultivated extensive personal and business networks (Glowik & Sadowski, 2014). The ability of the management to recognise and exploit opportunities largely depends on the senior managers' intentions, orientation, and marketing capabilities as well as their overall experience. A question arises as to whether these entrepreneurial traits can be learned through formal education or whether they are learned from their cultural background (inherit), from observation, from other managers or from their own international networks and experiences (Paul & Rosado-Serrano, 2019). Sociocultural factors have a considerable influence on the success of internationalization efforts (Masovic, 2018). Major sociocultural factors (see section 2.3.3) are material culture, language, level of education, religion, aesthetics, attitudes and values (Carter, 1997; Trehan & Trehan, 2009).

Global companies benefit from access to international business partners and experts (e.g., universities, other companies, and industry associations) and require managers with international experience and a global mindset (Felício, Meidutė, & Kyvik, 2016). Felício et al. stated that an individual global mindset (IGM) refers to the aptitude to accept the diversity of cultures and markets and observe common patterns that enable the identification of

opportunities. Having an IGM allows a manager to assess different contexts, cultures or markets and understand commonalities among the differences. A manager's IGM can strongly influence the internationalization of SMEs. By contrast, a global mindset is a multi-dimensional amalgamation of the individual and the organisation, incorporating strategic and cultural dimensions including the individual characteristics of global leadership (Felício et al., 2016).

Some SMEs could internationalize but lack the willingness and/or competencies, and managers of international firms were shown to be more proactive in their networking behaviour than managers of firms primarily focusing on the home market (Achtenhagen, 2011). The general view is that personal and organisational networks are drivers of internationalization. GPI firms are often family-owned (Väth et al., 2011). Family SMEs internationalize differently compared to SMEs with other ownership structures, which might be because of limited growth objectives, a risk-averse attitude and an aversion to borrowing funds externally (Kontinen & Ojala, 2011). Kontinen and Ojala explained that on the one hand, family-run SMEs can make quick decisions, which is a promoting factor in internationalization. However, on the other hand, family-run SMEs do not frequently observe international markets, they do not integrate global trends into their domestic marketing strategy and are more averse to networking with other firms than non-family-run SMEs. Family-run firms only tend to accelerate their internationalization through the involvement of non-family managers (Wąsowska, 2017). The more internationally experienced the top management team is, the earlier SMEs tend to enter international markets (Reuber & Fischer, 1997, as cited in Achtenhagen, 2011). Traditional firms that follow the stage model generally tend to have a more risk-averse management (Bell et al., 2003). Paul and Rosado-Serrano (2019) claim that in rapidly evolving environments, successful firms are more likely to be characterised by agility and flexibility, and firms with entrepreneurial management must be transformative rather than passive. Individual experience forms an essential part of the psychic distance construct, which may affect the procedure of strategy evaluation and strategic choice when it comes to cross-border activities (Horner et al., 2016).

CON 1.2: GPI firms are mainly led by family managers. International experience, networks and individual global mindsets of a firm's senior management are supposed to promote SME internationalization. Furthermore, sociocultural factors and the awareness and ability of

senior management in dealing with these factors significantly influence the success of corporate internationalization. The literature review identified no research regarding the managerial internationalization competencies of GPI firms. Figure 2.13 depicts the components ‘networks’ and ‘management experience and qualifications’. The sociocultural aspects are integrated in the component on ‘management experience and qualifications’.

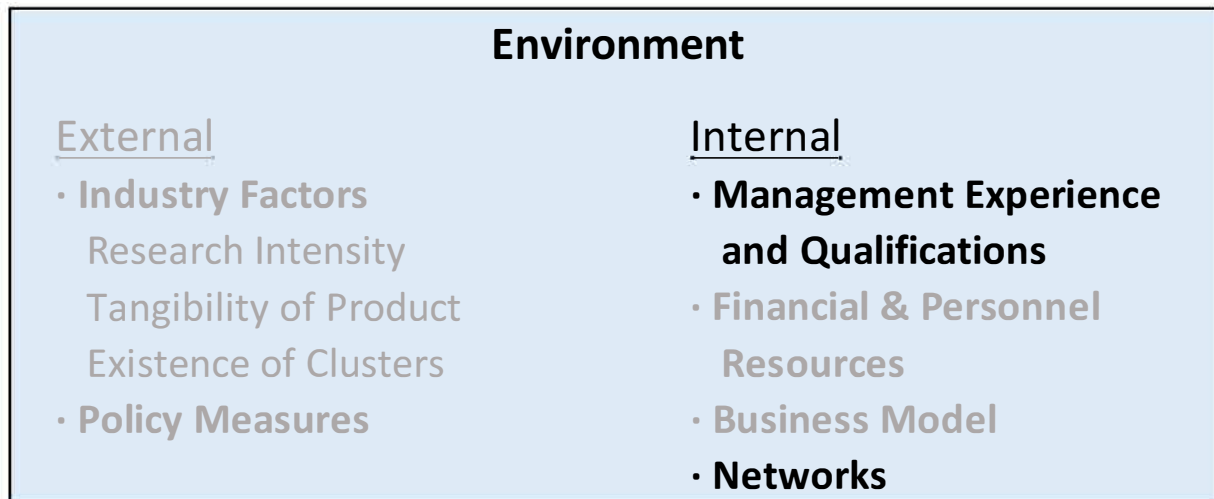


Figure 2.13 Internal environment – management experience and qualifications, networks.

DRQ 1.3: What policy measures would support the GPI’s internationalization process?

Findings: National promotional institutions such as Kreditanstalt für Wiederaufbau (KfW) and the British Business Bank already play a key role in supporting SMEs’ access to finance for supporting their internationalization (Abel-Koch et al., 2018). If policymakers only contextualise support toward knowledge and technology-based firms then this support may not be appropriate for the vast majority of SMEs that do not offer innovative products and/or services that utilise a breakthrough technology (Bell, Crick, & Young, 2004; Wright et al., 2007).

Moreover, recent studies indicate that SMEs’ awareness of support measures may be low because of an incremental approach to internationalization and that there is a need for effective policy measures that focus on the manager’s experience and on developing their qualifications (European Commission, 2003b).

Chambers of Commerce and other business associations that interact with firms locally can frequently increase exporting interests (Czinkota et al., 2004). By sharing their knowledge about national markets and learning from best practices, policymakers could further enhance their promotional activities and can give additional stimuli for the internationalization of European SMEs (Abel-Koch et al., 2018). By contrast, Wright et al. (2007) stated that in order to justify policy intervention in a market economy it is necessary to accurately identify where market failures exist, and whether it is possible to correct these market failures by intervention. Instead of focusing solely on export launches or general information platforms, support measures should have a broader perspective and should be aligned towards assisting SMEs in the choice of the strategy and of the individual mix of internationalization activities to take (European Commission, 2003b). Industry differences are important for the fit of policy measures to the targeted SMEs. When developing policies and training programmes it should be acknowledged that there are industry-specific needs and that support measures have to consider these differences (Achtenhagen, 2011).

Wright et al. (2007) argued that firms might experience epochs of internationalization and that there might be a need to develop policy promotion that assists SMEs to consider the dynamics of internationalization over time rather than seeing it as a one-time practice. Studies indicate that SMEs often need customised support, which can include, for example, assistance in identifying an appropriate foreign-based business partner for a joint venture or collaboration (European Commission, 2003b).

Wright et al. (2007) explained that policymakers may also encourage greater cooperation since many firms appear to be concerned about the loss of independence from international cooperation, but also that it is essential to recognise that cooperation is important for the survival of a business and to enhance their capabilities that ensure competitive advantage. Additionally, Wright et al. stated that policymakers may think that internationalization is desirable and that if the number of internationalizing SMEs is to be increased then they must accept that attitudinal barriers need to be addressed. Evidence suggests that both domestic and international expansion are essentially concurrent; hence, the design and delivery of policy support must be fundamentally reconsidered (Bell et al., 2004). The European Commission (2003b) stated that SME executives often have limited time and management capacity, and policy measures should provide assistance for exporting support and should

consider offers to train managers and perhaps even execute some of the practical tasks of the internationalization process. Similarly, Bell et al. (2004) argued that such policy measures should place a greater emphasis on management development and strategic subjects rather than focusing solely on the international dimension.

CON 1.3: Policy measures primarily centre on knowledge- and technology-based firms as well as on financing internationalization activities. The majority of SMEs are less innovative with a lower awareness of support measures caused by an incremental internationalization approach. Policy measures must not end with export launches and general information platforms; they are expected to assist firms in a choice of strategy, an individual mix of internationalization activities, identifying business partners and even executing practical tasks. Greater emphasis should be put on the qualifications and development of the management, attitudinal barriers, and strategic subjects and should also consider the dynamics of internationalization rather than seeing it as a one-time practice. There is no data from previous studies about policy measures on firm level that are supporting GPI firms' internationalization activities beyond information events and platforms. Therefore, this subject should be explored further. DRQ 1.3 addresses the external environment 'policy measures' (see Figure 2.14).

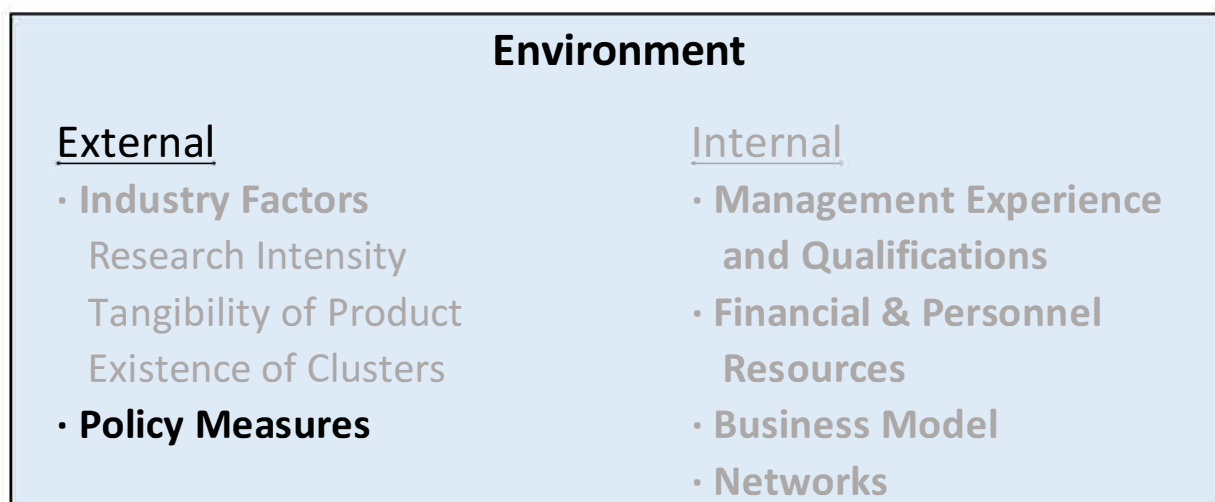


Figure 2.14 External environment – policy measures.

RQ 2: What are the internationalization motives of GPI SMEs?

Findings: Global corporations have forced the GPI to expand its internationalization activities in addition to its national-level operations (Beutner & Klaus, 2012; Röhrig et al., 2010). The literature on internationalization examines industry-non-specific motivational settings with Czinkota et al. (2004) distinguishing between proactive and reactive internationalization motives. Van Tulder (2005) referred to intrinsic as well as extrinsic motives – with a more aggregated view – and also stated a third category, which is defined as mixed motives. While intrinsic motives pertain to proactive and are extrinsic to reactive motives, van Tulder identified market-seeking, efficiency-seeking, resource seeking and strategic asset-seeking as intrinsic internationalization motives and extrinsic internationalization motives, namely states escape motives from the home country, the strategic extension of the home country and high/low barriers to entering the host country's market. Mixed motives are sectoral bandwagon effects, for example, in the country selection, following the client or risk-minimising, and monopoly/oligopoly effects, for example, following the competitor (van Tulder, 2005). Dunning and Lundan (2008) and Verbeke (2013) suggested four main motives of internationalization: natural resource seeking, market-seeking, efficiency-seeking, and strategic asset or capability seeking. These motives cover the selling market (outward internationalization) and the buying market (inward internationalization) perspectives.

Similarly, Daniels, Radebaugh and Sullivan (2009) suggested that some of the main internationalization motives for firms included expanding their sales, acquiring resources, and minimising risk, whereas Rugman and Collinson (2012) specified that some of the main motives were diversification, tapping into growing world markets for goods and services, following the competitor, reducing costs, overcoming protective devices and taking advantage of technological expertise through FDI. Dicken (2003) stated that greater global profits, increasing market share, becoming the industry leader, and growing the firm were the main motives for internationalization.

As outlined, the firm's environment (external and internal) is one segment of the initial GPI internationalization model. The following should clarify the conceptual relationship in this research between the environment of a firm and its internationalization motives. The external and internal environments affect the propensity or reluctance of a firm to internationalize

and inform its internationalization motives. For instance, the low bargaining power of GPI firms with highly internationalized customers pushes these firms to follow their customers abroad. This and other environmental conditions (demanding and highly internationalized customers) inform the 'follow-the-customer' motive for internationalization. Different characteristics of a firm's internal and external environment trigger different internationalization motives.

CON 2: The literature's focal point is outward internationalization and there are only a few indications in the literature related to the GPI's internationalization motives. Beutner and Klaus (2012) and Röhrig et al. (2010) observed a follow-the-customer strategy, while Văth et al. (2011) observed expanding sales, market-seeking and following the customer as the main internationalization motives within the GPI.

DRQ 2.1: What are the proactive and reactive internationalization motives of GPI SMEs?

Findings: Proactive motivations represent inducements to attempt strategic change, whereas reactive motivations influence firms that are responsive to external changes and adjust to them by altering their activities over time (Czinkota et al., 2004). Hence, Czinkota et al. maintain that proactive firms internationalize because they want to, while reactive ones internationalize because they have to. Czinkota et al. specified the following proactive internationalization motives, albeit without any industry differentiation: (1) profit advantages, (2) unique products, (3) technological advantages, (4) exclusive information, (5) managerial urges, (6) tax benefits and (7) economies of scale. Additionally, they stated the following reactive motives: (1) competitive pressures, (2) overproduction, (3) declining domestic sales, (4) excess capacity, (5) saturated domestic markets and (6) proximity to customers and ports.

CON 2.1: The author follows Czinkota et al.'s (2004) definition of reactive and proactive motivations. GPI firms tend to be more responsive to external changes instead of being influenced by proactive motives of internationalization. The main findings indicate a follow-the-customer strategy, which refers to a reactive motivation of GPI firms, whereas expanding sales and market-seeking suggest proactive motives. The above observations were made approximately ten years ago, and it now seems reasonable to investigate this topic empirically.

DRQ 2.1 addresses the external environment, ‘industry factors’ and ‘policy measures’, as well as the internal environment ‘business model’ (see Figure 2.15).

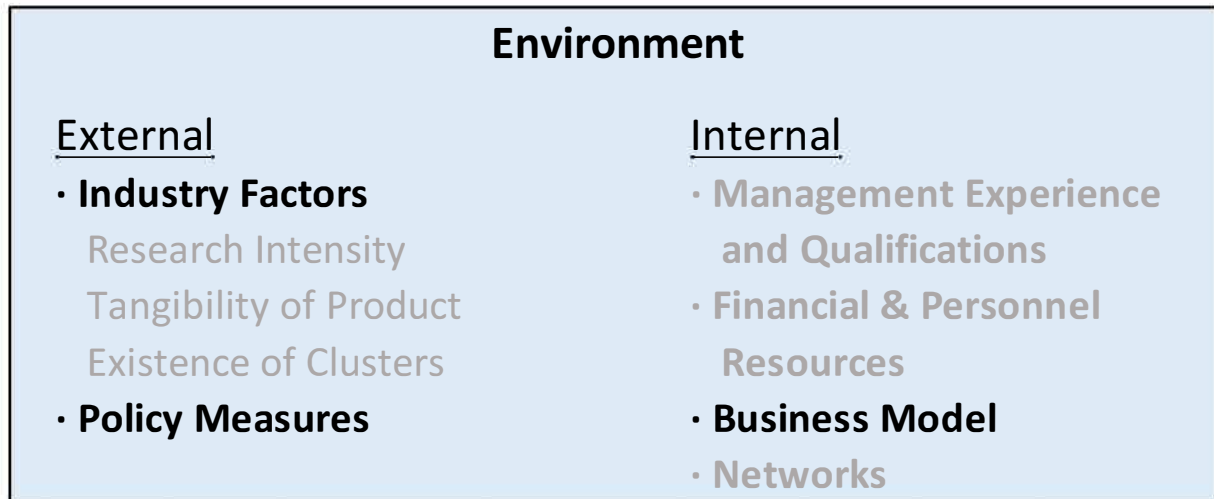


Figure 2.15 External and internal environment – industry factors, policy measures and business model.

DRQ 2.2: How does the sustainability movement affect the GPI?

Findings: Sustainability has been identified as a major trend within the global packaging industry that will dominate the next decade (Feber et al., 2019; Smithers, 2019a). Companies can gain a strong competitive advantage in the packaging industry with the ability to market innovations, and sustainability is a decisive characteristic in order to remain competitive in the future (Väth et al., 2011). SMEs can create an advantage versus MNEs based on a clear focus by concentrating on a market niche with differentiated and unique products (Chetty & Campbell-Hunt, 2003). Väth et al. maintain that GPI firms have to integrate a sustainability strategy into their business model and adapt the production and the associated processes to their consumers’ needs. The intensity of marketing’s interplay with the research and development activity, as well as the amount of investment into R&D have been shown to have a major impact on the success of exported products (Czinkota et al., 2004). Altogether, 60% of committed innovators generated a rising proportion of sales from products and services launched in the past three years (Ringel, Baeza, Grassl, Panandiker, & Harnoss, 2020). Research intensity is one industry factor that is positively related to a firm’s

internationalization activities (Grøgaard et al., 2013). Saridakis et al. (2019) observed that innovative SMEs are more likely to export than non-innovative SMEs.

Born-global firms used to sell high-tech dominated products with shorter product lifecycles, which can make early internationalization a necessity (Andersson, Evers, & Kuivalainen, 2014). Recent internationalization research has revealed a lack of knowledge regarding born-global firms within traditional manufacturing sectors and a need for model development (Paul & Rosado-Serrano, 2019). The characteristics of born-global firms are associated with internationally experienced entrepreneurs, their formal knowledge and their organisational attributes like networks, competitive market strategy and innovation culture (Andersson et al., 2015).

CON 2.2: With the increased focus on sustainability around the world, consumers are demanding products with more sustainable packaging.

The European Union has banned single-use plastics by 3 July 2021 and the UK government outlined a new tax, the Plastic Packaging Tax (PPT), to apply to all plastic packaging produced in or imported into the UK from 1 April 2022 (New Plastics Packaging Tax, 2020). Hence, several GPI firms' current business models may now be under threat and they may have to increase their innovation and R&D efforts. Additionally, some firms may have to rethink their entire business model to comply with the legal requirements and their customers' expectations. Additionally, the product lifecycles of packaging goods might become shorter, and firms may need to become more agile and implement innovation systems, improve speed to market and become active in multiple markets to gain quicker returns on expensive R&D efforts and to remain competitive. There is currently no research on how the GPI would cope with disruptive change, particularly the sustainability trend which questions established business models within a traditional, mature industry. This disruptive change could be seen as the 'critical incident' described in the born-again global concept (see section 2.3.4.3) where rapid internationalization begins late in a firm's lifecycle after a critical incident occurs. Hence, some of the born-global attributes could have a beneficial impact on the model for GPI internationalization. DRQ 2.2 addresses the external environment 'industry factors', particularly 'research intensity', and 'policy measures' as well as the internal environment 'business model' (see Figure 2.16).

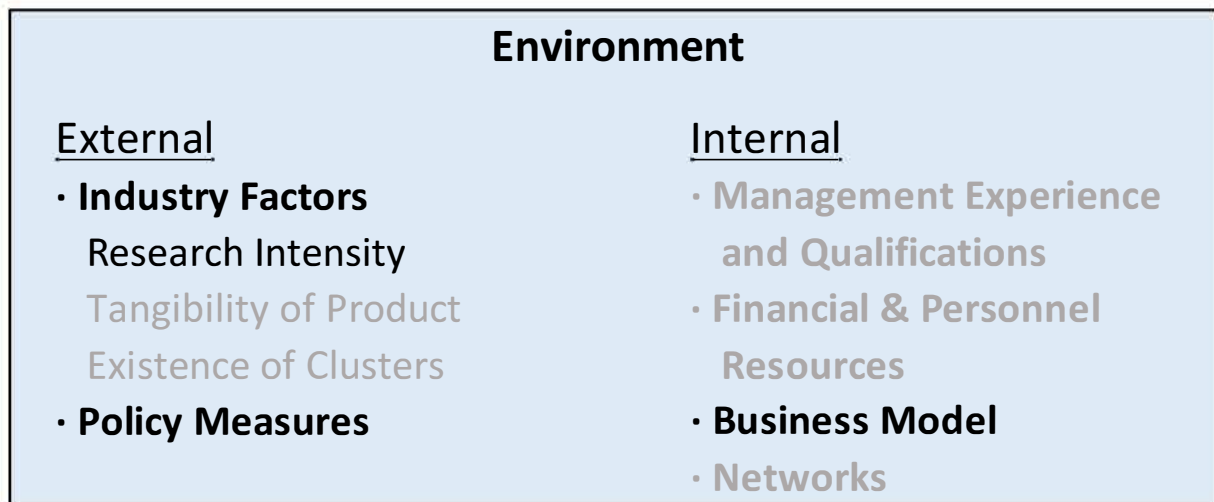


Figure 2.16 External and internal environment – research intensity, policy measures, and business model.

DRQ 2.3: How do industry factors influence GPI's internationalization activities?

Findings: Only limited studies exist regarding the influence of industry-specific factors on a firm's internationalization, and previous research has largely neglected industry-level factors, preferring to focus instead on firm- and country-level factors (Grøgaard et al., 2013; Kutschker & Schmid, 2008). Grøgaard et al. maintained that industry factors also drive or restrain internationalization and that omitting such characteristics restricts the understanding of firms' internationalization patterns. Additionally, Andersson et al. (2014) claimed that the success of firms' internationalization strategies can be highly dependent on industry characteristics.

The following four industry factors are assumed to have an impact on a firm's propensity to internationalize: (1) industry concentration, (2) research intensity, (3) tangibility of the product and (4) existence of clusters in the home market (Andersson, Gabrielsson, & Wictor, 2004; Benito, Larimo, Narula, & Pedersen, 2002; Contractor, Kundu, & Hsu, 2003; Porter, 1990; Yu & Ito, 1988; as cited in Grøgaard et al., 2013).

(1) Regarding industry concentration, Vähä et al. (2011) showed that the 111 biggest GPI firms represent 12% of German packaging manufacturers and generate 56% of the total industry revenue, indicating a low level of industry concentration. Grøgaard et al. (2013) used panel data on a sample of 100 large Norwegian firms and identified that the degree of rivalry in an

industry, expressed by the industry concentration, is not necessarily an indication that incumbent firms tend to internationalize.

(2) Regarding research intensity, Grøgaard et al. (2013) found out that the greater the research intensity the more likely it is that industry rivals develop competitive advantages and that they enhance their capacity to innovate and launch new products that find customers in domestic and foreign markets. This, in turn, increases the propensity to be more active in foreign markets. Vähä et al. (2011) argue that the highly competitive packaging market environment requires development efforts related to product portfolio and changing customer requirements, meaning that innovative products and processes are important for the future survival of GPI firms.

Successful GPI enterprises form R&D networks with material suppliers and packaging machine manufacturers as well as with their customers in order to develop new packaging solutions. GPI firms with innovative products indicate an EBITDA margin of 10%–20%, whereas GPI firms without relevant innovations achieve an EBITDA margin of 5%–15% (Vähä et al., 2011). A similar observation within the global packaging industry was made by Neil-Boss and Brooks (2013), who stated that the real driver of innovation in the packaging industry is the ultimate end-market consumer, meaning that packaging manufacturers need to have well-developed and collaborative relationships with their customers, who are closer to the end-market consumer. Thus, it is the relationships with the product development teams of end-market facing enterprises and how this is integrated into the manufacturer's own R&D schedules that are the key indicators of future profitable growth (Neil-Boss & Brooks, 2013). However, constantly growing customer demand regarding customisation as well as quality and regulations regarding hygiene, transport protection and durability require a high level of R&D effort, which smaller German plastic packaging manufacturers will not be able to afford in the long term and which will likely result in further market consolidation (Bollinger & Junc, 2013).

(3) The tangibility of the product as an industry factor differentiates between service offerings and products, and service firms and manufacturing firms. In general, Grøgaard et al. (2013) found a lower internationalization propensity among service firms, but should they decide to internationalize then they do so with an intensity equal to that of manufacturing firms. Service firms rely more on simultaneous customer interaction, which requires a local presence and

much time and effort to gain market knowledge leading to high market entry costs (Lovelock & Yip, 1996; Lowendahl, 2000, as cited in Grøgaard et al., 2013). This may result in service firms being reluctant to internationalize, whereas manufacturing firms can export to new markets on a lower cost level (Grøgaard et al., 2013). The GPI is mainly a manufacturing industry, but it can rapidly gain a competitive advantage by quick reaction times of technical support and, for example, improvements on packaging design, which have strong service and advisory service aspects. These service aspects can differentiate a GPI firm's performance and their customers' perception.

(4) Clusters may act as driving forces for internationalization, as firms belonging to them are able to improve their competitiveness and knowledge (Brown & Bell, 2001; Mariotti & Piscitello, 2001; Porter, 1998, as cited in Grøgaard et al., 2013). Competitiveness results from strong rivals in the home market, aggressive home-based suppliers and demanding local customers (Porter, 1990, as cited in Grøgaard et al., 2013). Globally, Germany is one of the biggest packaging markets, and packaging MNEs are active as well as the global packaging machinery industry, which is also dominated by German firms. The German packaging machinery manufacturers consist of approximately 650 mainly family-owned SMEs and ranks number one globally with a market share of 22% ahead of Italy, the USA and China (Neue Verpackung, 2018). An important cluster of packaging and automation technology is situated in Southwest Germany (Neue Verpackung, 2018). Mossig and Schieber (2016) identified two clusters in Germany, one is situated in Southwest Germany and a second one in the centre of Germany. Furthermore, there are sub-clusters of the GPI related to customers' segments. For instance, the dairy industry is concentrated in Southern Germany where the major food packaging machinery manufacturers are located. In contrast, the meat processing industry is concentrated in Northwest Germany, and its specialised machinery firms are close to this customer segment, too. In addition, customers like FMCG MNEs, consumer brand owners and major retail chains with their own meat processing and beverage bottling plants can be very demanding and GPI firms have to perform well to retain their business. Grøgaard et al. found out that firms within clusters have higher foreign sales and foreign employment intensities than those outside clusters, and that clustering is positively related to the establishment of subsidiaries abroad, albeit to a lesser extent.

CON 2.3: The factors of industry concentration, research intensity, the tangibility of the product and the existence of clusters were evaluated against GPI-specific requirements. The cross-sectoral finding was that the first industry factor, ‘industry concentration’, is not necessarily an indication that incumbent firms tend to internationalize. Moreover, the GPI is a highly fragmented industry with a low industry concentration. Therefore, it seems that ‘industry concentration’ can be excluded as an ‘external environment’ component for the GPI.

Additionally, it is indicated that service offerings will have a relevant impact on the competitive advantage of GPI firms if product portfolios consist primarily of commoditised products. This industry-specific requirement will be an extension of the cross-sectoral industry factor ‘tangibility of the product’ which also has an impact on the business model as well.

The ‘business model’ is one component of the ‘internal environment’. Consequently, the initial GPI model will exclude ‘industry concentration’ and will retain ‘research intensity’, ‘tangibility of product’ and ‘existence of clusters’. It is assumed that these industry factors are ‘external environment’ components for the GPI. However, this proposition will need to be explored empirically in order to determine whether other industry-specific factors should also be taken into consideration. DRQ 2.3 informs the components ‘industry factors’ and ‘business model’ of the model segment ‘environment’ (see Figure 2.17).

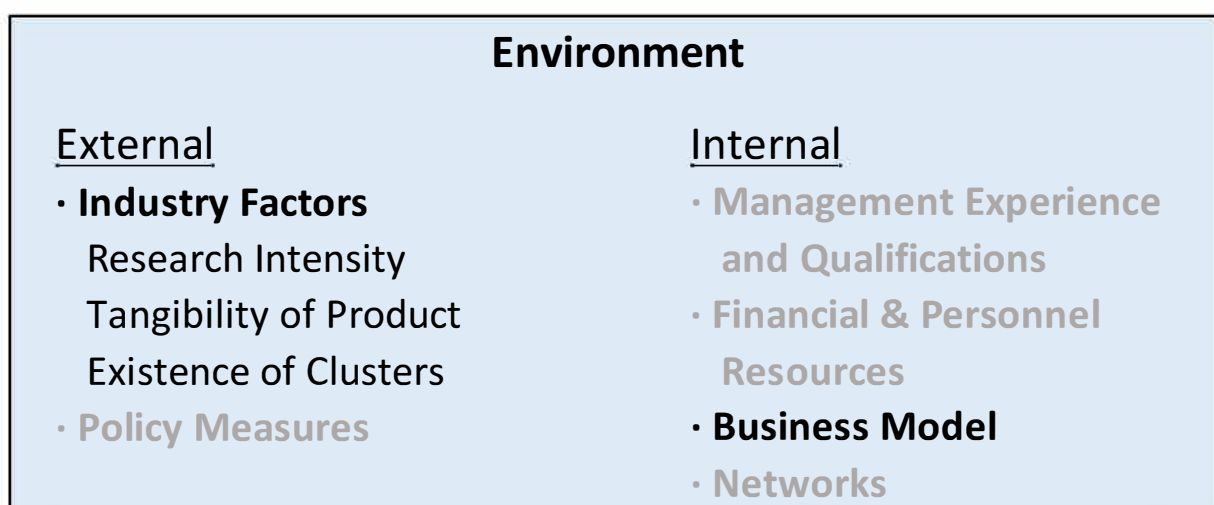


Figure 2.17 External and internal environment – industry factors and business model.

RQ 3: Which internationalization strategies are applied by the GPI?

Findings: A few observations exist which indicate a gradual internationalization process within the GPI (Beutner & Klaus, 2012; Hengsberger, 2016). Analogous to this finding, Bell et al. (2004) observed UK SMEs from traditional industries that followed an incremental approach to internationalization, which was influenced by their industry sector as well as managerial attitudes.

CON 3: It is assumed that most GPI firms gradually increase their cross-border activity in accordance with stage theory. However, there do not appear to be any studies regarding the internationalization strategies of GPI firms, so this assumption should be explored empirically.

DRQ 3.1: Which pattern of market selection is adopted by the GPI?

Findings: The literature review indicated that GPI firms expand into the markets of neighbouring countries such as France, Austria and Switzerland (Beutner & Klaus, 2012; Hengsberger, 2016). Almost 50% of GPI firms generate over 30% of their revenue from sales in other European countries. In comparison, 43% of the companies generate less than 10% of their revenue outside of Europe (Väth et al., 2011).

Väth et al. (2011) maintained that nearly 80% of GPI firms affirm the need to follow their customers when they internationalize their business in order to retain their customers and remain competitive.

In general, mature industries are more structured and stable; network relationships are already established, and growth is slow (Andersson et al., 2014). In addition, Andersson et al. claimed that firms in this context are constrained by the industry structure and internationalization is gradual and begins later with an entry in psychically close markets. The longer a firm stays solely within its domestic market, the more rigid and inflexible its routines, which then have to be dismantled to enter foreign markets (Hilmersson & Johanson, 2016). In general, traditional firms following the stage model seem to initially focus on domestic markets, prefer psychically close markets, target less developed markets, are active in one market at a time, and are only triggered to internationalize by disadvantageous domestic market conditions or unsolicited orders (Bell et al., 2003).

CON 3.1: GPI firms tend to internationalize towards neighbouring countries, which is in line with observations of mature industries and traditional firms that favour psychically close markets. However, as GPI firms generally prefer to ‘follow-the-customer’, it cannot be assumed that customers also apply an incremental approach towards psychically close markets. Therefore, it is essential that patterns of market selection are explored in more depth. DRQ 3.1 addresses the component ‘market selection’ of the initial model’s segment ‘GPI internationalization strategy’ (see Figure 2.18).



Figure 2.18 GPI internationalization strategy – market selection.

DRQ 3.2: What entry modes are applied by the GPI?

Findings: The standard entry modes are exporting, licensing, franchising, joint ventures, strategic alliances, wholly owned subsidiaries, minority/majority acquisitions and greenfield operations/foreign direct investment (FDI). In contrast, costs, levels of risk, and the degree of control constitute the three factors influencing the choice of entry mode (Anderson & Gatignon, 1986, as cited in Horner et al., 2016). The highest level of commitment is greenfield operation or FDI abroad. FMCG manufacturers have been responding to global competitive

challenges by setting up greenfield ventures in low-cost countries, and European packaging customers have been shifting production of consumer goods to East European countries and also entering emerging markets as growth in developed markets recedes (Neil-Boss & Brooks, 2013).

Neil-Boss and Brooks (2013) claimed that packaging manufacturers have been relocating their own production in three distinct ways to remain competitive. In the first model, the low-cost country packaging site is not aimed at selling into the foreign market but instead aims to take advantage of lower input costs and to transport finished or semi-finished goods back to the domestic market.

In the second model, the relocated packaging operation supplies a key consumer product account with a presence in a particular foreign market for export or to service a growing local market.

In the third model, a hybrid of the two others, the relocated packaging site is set up for short-term exports and a long-term supply of the foreign market, which requires flexibility on production and long-term views on the foreign market both from an input cost and output market growth perspective.

An FDI is a complex decision, and risks such as inexperienced local labour, declining cost advantages due to the speed of development of low-cost markets as well as increasing competition from local emergent markets must all be considered (Neil-Boss & Brooks, 2013). A European SME survey indicates that importing and exporting are the most common forms of internationalization, while other studies indicate that co-operative approaches, alliances and networks involving SMEs will increase in the future (European Commission, 2003b). Andersson et al. (2014) maintained that firms in mature industries internationalize gradually and with low levels of commitment.

CON 3.2: No research currently exists regarding the preferred entry modes of GPI firms. Whereas Văth et al. observed in their study from 2011 export as the main activity abroad. Exporting and importing activities of SMEs in the five economically strongest EU countries are much more frequent than investing in or performing other operations abroad (Koch-Abel et al., 2018). Although it is assumed that export is the major entry mode within the GPI, this

proposition needs to be explored empirically. DRQ 3.2 informs the initial model's component 'entry mode' (see Figure 2.19).



Figure 2.19 GPI internationalization strategy – entry mode.

DRQ: 3.3: Which products are chosen for marketing abroad?

Findings: Packaging is a relatively low-value product, which has a limited radius up to which it can be profitably transported to customers. However, there will always be an area of conflict between transport costs, plant capacity utilisation, inventory, customer service levels and good manufacturing practice requirements (Neil-Boss & Brooks, 2013). For example, unprinted corrugated cardboard applied for transport protection used to be shipped no more than 200 km from the manufacturing site to the business customer in order to be profitable. However, multilayer films with high-quality print and barrier properties for fresh food end-consumer applications could be marketed profitably worldwide. Correspondingly, Neil-Boss and Brooks mentioned that the type of packaging (flexible plastic, paper, metal, etc.) and the served end-market (consumer food, health care, cosmetics, industrial, etc.) must always be

considered. Many SMEs do not have business models that are scalable to international markets (Achtenhagen, 2011).

GPI firms attempt to retain customers through product innovation and by finding new market segments, whereas packaging is changing its character from a purely protective function to a multifunctional carrier of information, marketing aspects, design and customer-friendly functionality adapted to customer requirements, which primarily affects end-consumer packaging (Röhrig et al., 2010). Standardised global products are facilitating internationalization (Andersson et al., 2014) and SMEs can create an advantage over MNEs based on a clear focus by concentrating on a market niche with differentiated and unique products (Chetty & Campbell-Hunt, 2003). Röhrig et al. stated that, overall, the survival of the packaging industry depends on its ability to innovate, whereas the term 'innovation' is not only viewed by the industry as something new in the context of product and process innovation but in a broader approach. Efforts are also being made to generate value-creating problem solutions that are intended to serve the entire firm, which include, for example, new process technologies for the firm, but also completely new business models, services and value creation processes (Röhrig et al., 2010). The technology infrastructure of the GPI used to be configured for custom-specific batch productions. Nowadays, digitalisation efforts, and particularly those related to digital printing, allows for small lot sizes to be requested by, for example, food processors, because of the general trend towards customised products.

CON 3.3: Previous studies have shown no evidence of GPI firms having a different product portfolio for domestic and foreign markets. However, current manufacturing capabilities enable GPI firms to profitably produce small lot sizes for customised products. Indications from the packaging industry literature generally highlight the GPI's necessity to create differentiated and innovative products. Additionally, not every packaging type is suitable for export globally due to transport costs. Nevertheless, this subject should be explored in more depth. DRQ 3.3 addresses the component 'product' of the initial model's segment 'GPI internationalization strategy' (see Figure 2.20).



Figure 2.20 GPI internationalization strategy – product.

DRQ 3.4: How long does the GPI take to expand abroad since inception/strategic realignment?

Findings: Born-global firms generate at least 25% of their revenues from foreign markets within three years of inception, while born-again global firms, by contrast, internationalize as rapidly as born-globals, but later in their lifecycle and usually initiated by a critical incident (Bell et al., 2001; Sheppard & McNaughton, 2012). Firms with highly sophisticated knowledge bases are probably active abroad much more rapidly than those with more basic abilities (Bell et al., 2003). The longer an SME stays solely within its home market, the more rigid and inflexible its routines, which have to be dismantled in order to enter foreign markets. Currently, no studies examine how quickly SMEs spread their activities to other markets after the first foreign market has been entered (Hilmerston & Johanson, 2016). Mature industries are more structured and stable, network relationships are already established, and growth is slow (Andersson et al., 2014). Firms in this context are constrained by the industry structure, and the internationalization process is incremental and begins later in the company's lifecycle (Andersson et al., 2014), making it a risk-reducing, time-consuming and ultimately slow process (Hilmerston & Johanson, 2016). The nature and pace of internationalization is

conditioned by product, industry and other external environmental variables, as well as by firm-specific factors (Bell & Young, 1998, as cited in Bell et al., 2004).

CON 3.4: The GPI is a traditional, mature industry and GPI firms seem to follow a gradual, risk-reducing, time-consuming process later in their lifecycle. There is no research to address this facet and it might be reasonable to further illuminate the time and pace dimension of GPI internationalization. DRQ 3.4 informs the component ‘pace and time’ of internationalization (see Figure 2.21).



Figure 2.21 GPI internationalization strategy – pace and time.

RQ 4: What modifications, if any, have to be made with respect to the identified internationalization strategies to adapt to industry-specific requirements?

Findings: The outlined findings related to RQs 1–3 revealed that the GPI firms are most likely to have a low level of internationalization and seem to follow a slow, gradual risk-reducing internationalization process with a fairly reactive motivation. The GPI must continuously identify all trends which may affect GPI firms and act quickly and accordingly (Beutner & Klaus,

2012). Paul and Rosado-Serrano (2019) claimed that in rapidly evolving environments, successful firms are more likely characterised by agility and flexibility. Moreover, innovative products and processes are important for the future survival of GPI firms (Väth et al., 2011). Current challenges caused by major trends like digitalisation, consumer trends, sustainability and demographic development suggest that the GPI may have to realign their business approach.

Sustainability has been identified as a major trend within the global packaging industry that will dominate the next decade (Beutner & Klaus, 2012; Feber et al., 2019; Hoffmann, 2016; Smithers, 2019a). The task is to develop internationalization conceptualisations which addresses the industry-specific success factors for GPI SMEs and provide effective internationalization strategies. It seems that the stage model is not able to provide these strategies for the GPI's future internationalization challenges.

The following discussion illuminates what platform the GPI-specific internationalization model is based on and which industry-specific factors should be integrated. Paul and Rosado-Serrano (2019) claimed that future research should determine whether firms follow the born-global model or gradually internationalize and that this will help to derive useful insights that can inform executives about which entrepreneurial characteristics should be enhanced by senior management to positively influence the decision for the enterprise to internationalize. In contrast, the European Commission (2003b) advocates a holistic approach to stage theory and the born-global concept; traditional stage theory is being challenged both by the concept of born-globals and the fact that internationalization comprises a whole range of cross-border activities mutually supporting each other rather than being successive stages in a gradual process. Additionally, different forms of internationalization may be undertaken independently (European Commission, 2003b).

Similarly, Bell et al. (2004) suggested that the decisions that firms make regarding internationalization, such as product decisions, market selection and entry modes, are made in a holistic way. Bell et al. maintained that some authors have argued that much attention has been paid to the accomplishment of competing theories and models rather than to their potential complementarities and that the internationalization of SMEs is best understood by integrating central theoretical frameworks. The European Commission (2003b) outlined that

the distinction between stage theory and the born-global model may be too rigid and may even lose relevance over time. Therefore, a holistic approach should be considered which could point to the different forms of international activities as a comprehensive set of internationalization options open to the SMEs. Paul and Rosado-Serrano (2019) stated the lack of knowledge about born-global firms within traditional manufacturing sectors and the need for model development.

In contrast, GPI firms are currently more in line with the born-again global concept than with the born-global concept. Bell et al. (2004) stated that firm- and industry-specific influences deserve further research as particular critical incidents may impact on firms' overall business strategies and market focus. The 'critical incident' in the born-again global approach could adequately picture the GPI's current challenges, which are mainly caused by the trend towards sustainability. Greater R&D and innovation efforts of the GPI are necessary; hence, it is suggested that differentiated products with a focus on niche markets will cause GPI firms to expand their market reach and adjust their business models and strategies accordingly.

There are critical internal and external factors that influence a firm's internationalization. GPI firms should consider these factors when developing strategies to cope with present and future challenges. Critical success factors for internationalization in born-global firms include the manager's international experience, personal networks, industry condition, government policy, financial condition and the innovation culture (see 2.4.2). It is suggested that components of the born-global success factors of internationalization can be included in the initial GPI model for internationalization so that their relevance can be explored empirically.

CON 4: The initial GPI internationalization model will contain components of the born-global concept such as the manager's international experience, networks, innovation culture and other components of the born-again global concept that describe a rapid, strategic internationalization of a traditional firm caused by a critical incident (sustainability trend). The born-again global concept seems to be most appropriate for describing the present status of the GPI, with born-global components indicating aspects in which the GPI management can improve. In contrast, the stage model reflects the GPI's previous approach to internationalization. Hence, the second segment of the initial internationalization model incorporates simultaneous, multi-dimensional international transactions (entry mode), which

follow a dynamic instead of a sequential activity (market selection) and are led by strategic targets rather than an incremental process. So far, the discussion has configured the segment 'integral approach' of the initial GPI internationalization model (Figure 2.22).

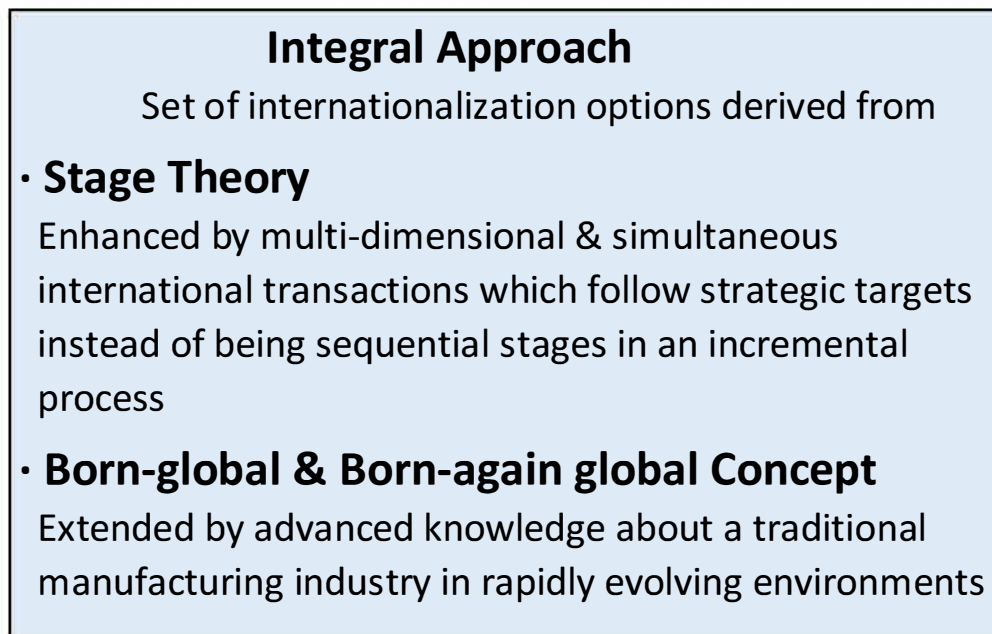


Figure 2.22 Integral approach – a segment of the initial GPI internationalization model.

In summary, all components of the initial GPI internationalization model have been discussed and linked to the DRQs and RQs in order to understand the research process. The three segments of the initial GPI internationalization process are presented below.

The model segment 'environment' contains elements that affect the propensity and reluctance of a firm to internationalize. At which the 'external environment' takes into account industry and market conditions and the 'internal environment' describes characteristics inside the firm, for example, management competencies and financial resources (see Figure 2.23).

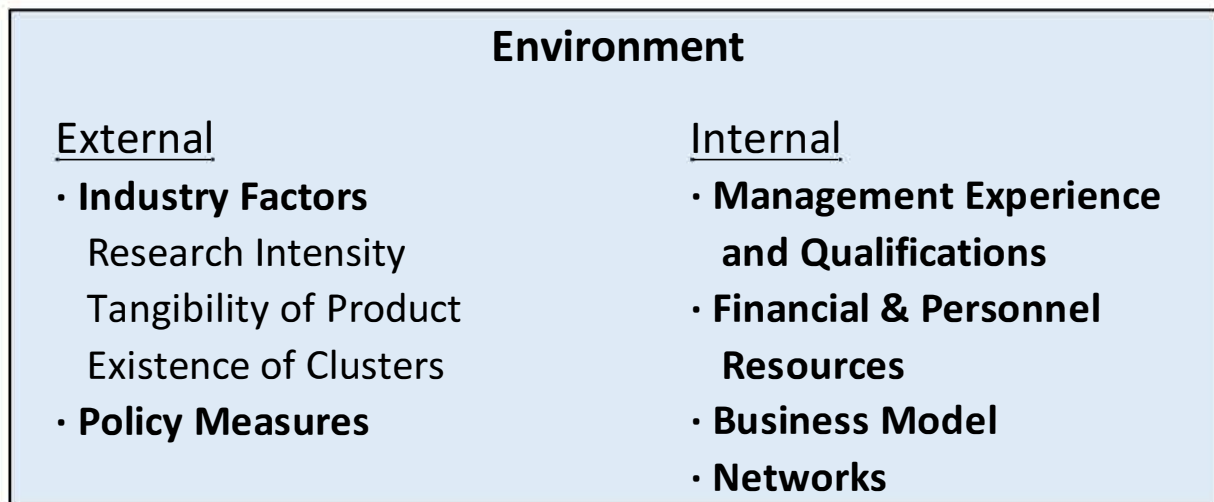


Figure 2.23 Environment – the first segment of the initial GPI internationalization model.

The second segment ‘integral approach’ of the initial GPI internationalization model combines a set of internationalization options derived from stage theory, the born-global and the born-again global concept (see Figure 2.24). One significant difference in the combined approach is that internationalization follows strategic targets and does not adhere to rigid sequential stages. Furthermore, the entry mode and market selection are subordinated to these strategic targets. Stage theory presumes that internationalization will evolve even though strategic decisions are not undertaken (Johanson & Wiedersheim-Paul, 1975; Knight & Cavusgil, 1996) and disregards industry-specific factors.

In contrast, the born-global concept is centred around the manager and their intercultural skills, international knowledge and education in order to overcome the restraints of psychic distance. A born-global manager has routines for managing multicultural workforces and for targeting customers in multiple countries simultaneously (McDougall et al., 1994, as cited in Wright et al., 2007). The born-again global concept reflects on the systematic internationalization approach caused by a critical incident later in a firm’s lifecycle (Bell et al., 2001, as cited in Sheppard & McNaughton, 2012). These aspects of the born-again global concept are applicable for the GPI as a traditional industry facing disruptive challenges such as the sustainability movement (critical incident), which questions existing GPI firms’ business models.

Integral Approach

Set of internationalization options derived from

- **Stage Theory**

Enhanced by multi-dimensional & simultaneous international transactions which follow strategic targets instead of being sequential stages in an incremental process

- **Born-global & Born-again global Concept**

Extended by advanced knowledge about a traditional manufacturing industry in rapidly evolving environments

Figure 2.24 Integral approach – the second segment of the initial GPI internationalization model.

The third segment 'GPI internationalization strategy' of the initial GPI internationalization model synergises the first and second segments of the GPI internationalization model, and internationalization strategies for the GPI are derived from the first and second model segments (see Figure 2.25).



Figure 2.25 GPI internationalization strategy – the third segment of the initial GPI internationalization model.

Finally, the three segments are merged, and the initial GPI internationalization model can be presented. The initial GPI internationalization model (see Figure 2.26) considers the external and internal environment. In contrast, the initial model already excluded the factor 'industry concentration'; the factor 'tangibility of product' will be empirically explored in terms of 'service offering' as a potential industry-specific component of this particular industry factor. The 'service offering' aspect is addressed in the component 'product' of the initial model's segment 'GPI internationalization strategy'. In addition, the impact of disruptive changes to the GPI such as the sustainability megatrend will be investigated empirically. This circumstance affects the initial model components 'research intensity', 'business model', 'product' and 'pace & time'. The component 'pace & time' applies mainly to the born-again global aspect whereby a mature firm abruptly follows a systematic internationalization strategy later in life caused by a critical incident. In the validating process in section 5.1, these components are going to be evaluated and adapted if necessary.

Therefore, the introduced initial GPI internationalization model provides an innovative internationalization model for the GPI that considers industry-specific requirements in rapidly

evolving environments. The following section will address the research methodology including the execution of the empirical study.

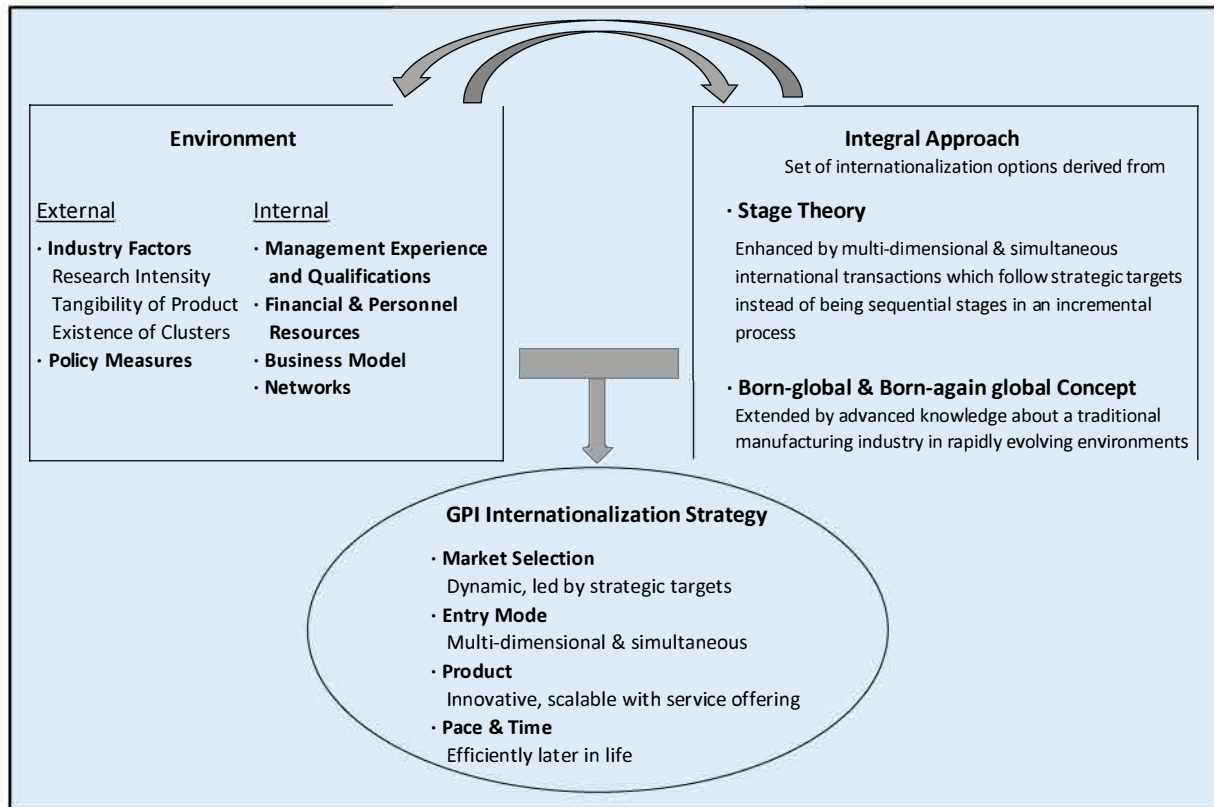


Figure 2.26 Initial GPI internationalization model.

3 RESEARCH METHODOLOGY

3.1 Research Philosophy and Paradigms

It is important to recognise research as a systematic process that is determined by the methodological approach chosen for a given study (Sheppard, 2020). While research reveals a certain facet of how the world is, it also reflects how, where and when we have asked research questions. Research in the social sciences is concerned with people and their life contexts as well as the philosophical questions that underpin human judgements and activities; these include questions related to the nature of knowledge and truth (epistemology), values (axiology) and being (ontology) (Somekh & Lewin, 2006). In the social sciences, research involves the explanation of phenomena with a focus on the behaviour of individuals, groups or organisations (Groenland & Dana, 2019). This process can be driven by thought processes or empirical data that is collected, analysed and interpreted for this purpose. The understanding of philosophical issues can inform research designs, which involve assessing what kind of evidence is required, how it is to be collected and interpreted and how this will provide informative answers to the fundamental questions examined in the research (Easterby-Smith et al., 2012). Easterby-Smith et al. maintain that natural scientists and social scientists generally draw from different ontological and epistemological assumptions when developing their research methodologies; as a result, there is much confusion among researchers about the difference between the terms 'epistemology' and 'ontology'. The context of ontology, epistemology, methodology, methods and techniques is illustrated in Figure 3.1.

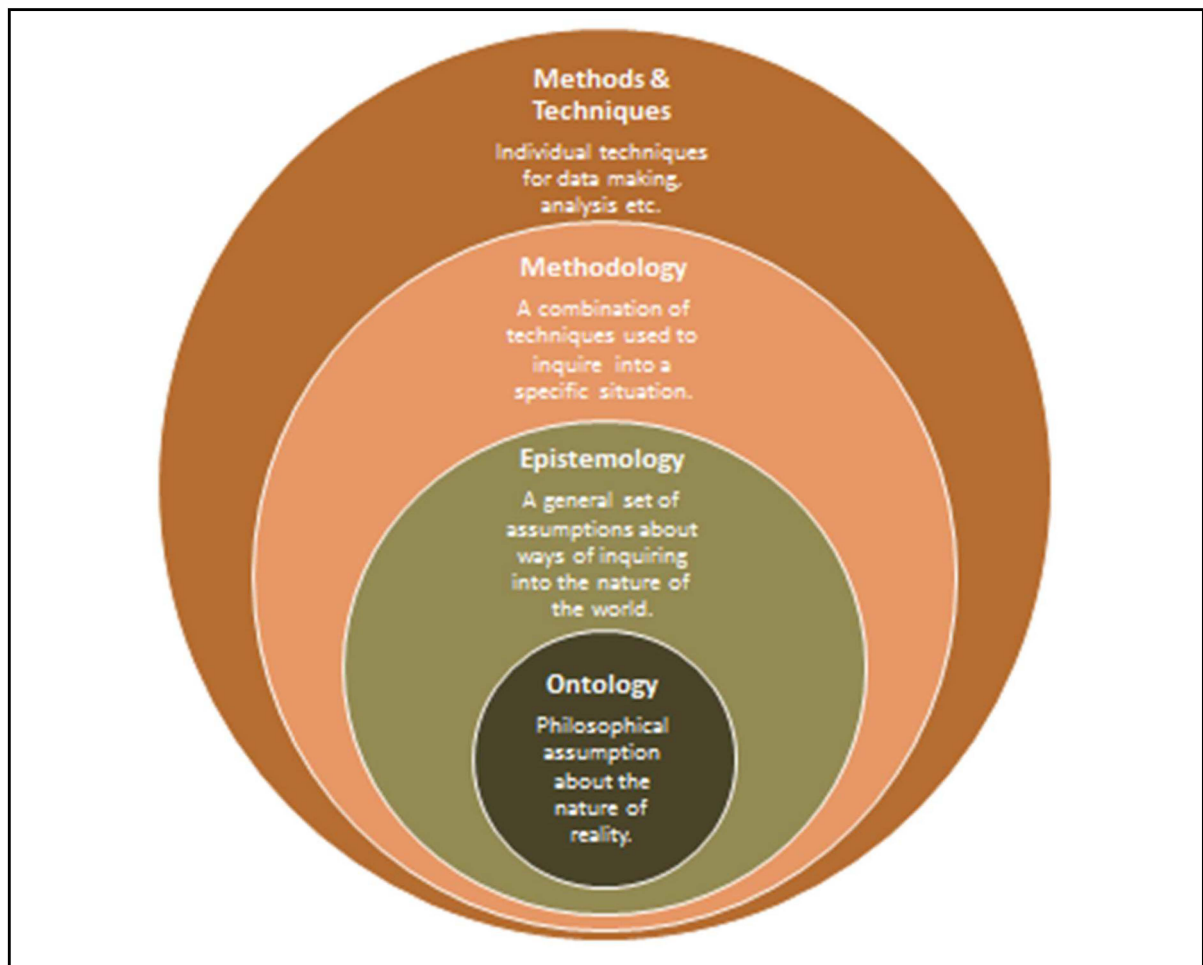


Figure 3.1 Ontology, epistemology, methodology, methods and techniques, from Easterby-Smith, Thorpe, and Jackson (2012).

Ontology describes philosophical assumptions about the nature of reality (Easterby-Smith et al., 2012), epistemology determines what constitutes acceptable knowledge and axiology examines judgements about value (Saunders, Lewis, & Thornhill, 2009). Groenland and Dana (2019) stated that ontology is the study of what creates the reality in the world and epistemology is the study of how to gain well-founded knowledge. The value aspect related to this research project is outlined in section 3.5, 'Ethical Considerations'. A research methodology describes the entire research process and states the type of research approach (qualitative, quantitative or mixed methods) to be used (Sheppard, 2020). The methodology also describes the methods (interviews, observation, case study, etc.) and techniques (audio recordings, note taking, use of measurement scales, etc.) that will be employed to answer the research questions. A methodology is a scheme of action involving a structured compilation

of strategic guidelines to support researchers in science-based investigation (Groenland & Dana, 2019).

A paradigm is a tool for 'framing what we know, what we can know, and how we can know it' that forms our position on issues (Sheppard, 2020, p. 20). Paradigms are rudimentary general scientific approaches to investigate phenomena (Groenland & Dana, 2019). A wide range of philosophical positions are discussed in the social sciences literature. Nevertheless, positivism, interpretivism/social constructionism and realism are the main philosophical paradigms. These three essential paradigms are discussed to identify the author's position.

Easterby-Smith et al. (2012) describe positivism as follows: 'The key idea of positivism is that the social world exists externally, and that its properties should be measured through objective methods, rather than being inferred subjectively through sensation, reflection or intuition' (p. 22). Guba (1993) maintains that positivism is grounded on a realist ontology; the positivist is forced to follow an objectivist epistemology, and the ultimate purpose of science is to predict and control natural phenomena. Positivist researchers attempt to identify law-like generalisations by conducting value-free research to capture social phenomena. Their common belief is the existence of a universal generalisation that can be used across contexts, which is now called naïve realism (Wahyuni, 2012). According to Groenland and Dana (2019) positivism includes empiricism – in order to understand the world around us, we need to apply strict and objective measures of phenomena and identify their implications for understanding reality.

Compared to positivism, interpretivism is located on the opposing side of the philosophical spectrum. Interpretivism is critical of the positivist tradition and claims that the social world of business and management is too complex to approach in the same way as the physical sciences (Saunders et al., 2009). In this view, reality is defined by people rather than objective external factors, and so social scientists should try to understand the different experiences that people have instead of searching for external causes and fundamental laws to explain behaviour (Easterby-Smith et al., 2012). Interpretivists recognise that individuals – with their varied backgrounds, assumptions and experiences – influence the continuous construction of reality in their broader social setting through social interaction (Wahyuni, 2012). In the context of the complex world of business and management, rich insights are lost if such

intricacy is reduced to a series of law-like generalisations, and it is essential for the researcher to understand the differences between humans in their roles as social actors (Saunders et al., 2009). Interpretivism has its origin in two traditions: phenomenology, which examines how we (as humans) make sense of the world around us, and symbolic interactionism. The latter tradition holds that we are in a continual process of interpreting the social world by construing the actions of others with whom we interact, and this interpretation leads us to adjust our own meanings and actions (Saunders et al., 2009).

Realism offers a position between positivism and interpretivism. It holds that there is a reality that is fully independent of the mind; in this sense, realism contradicts idealism's claim that only the mind and its contents exist (Saunders et al., 2009). While this postpositivist approach also believes in generalisation, it allows that knowledge is an outcome of social conditioning. This means that social reality must be framed in a particular context of the relevant law or dynamic social structures that have created the observable phenomena within the social world (Wahyuni, 2012). Saunders et al. (2009) distinguish between direct realism, which claims that what a person experiences through their senses describes the world properly, and critical realism, which claims that individual experiences are impressions – that is, images of things in the real world – rather than things themselves. Guba (1993) explains that according to the belief of critical realism, reality exists but can never be fully perceived. Bhaskar (2008) describes critical realism as international and multidisciplinary in scope. One weakness of the critical realist approach is that “there are relatively few research studies that have adopted the methods of critical realism whole-heartedly, but many draw on its ideas to structure processes of data collection and analysis” (Easterby-Smith et al., 2012, p. 29).

Critical realism has been adopted by several management and organisational researchers over the last two decades (Easterby-Smith et al., 2012). Concerning business and management research, Saunders et al. (2009) maintain that the direct realist perspective would suggest that the world is relatively unchanging, as though it operated at only one level; on the other hand, the critical realist would recognise the importance of multi-level studies – for example, at the levels of the individual, the group and the organisation. Critical realists agree that there is an external world of events that is observable and independent of human awareness but hold that knowledge about this world is socially constructed (Denzin & Lincoln, 2005). Moreover, critical realism holds that the development of new knowledge about the

social world can be created through the scientific investigation of objects, structures and generative mechanisms in the sphere of the real, as well as the conditions under which these mechanisms are activated (Hoddy, 2019). Hoddy states that for the social sciences, this perspective demanded a movement towards investigating the fundamental nature of social phenomena and their properties, which can be distinguished from their quantifiable and observable characteristics and features.

Saunders et al. (2012, p. 137) claim the following:

We therefore would argue that the critical realist's position that the social world is constantly changing is much more in line with the purpose of business and management research, which is too often to understand the reason for phenomena as a precursor to recommending change.

Moreover, critical realism is a powerful instrument for analysing social practices through case studies, particularly when social context mainly defines social activities (Järvensivu & Törnroos, 2010, as cited in Yan & Hyman, 2018). Having discussed these different philosophies, reflected on his own worldview and determined that the critical realist paradigm is suitable for business and management research, the author chose to apply a critical realist approach to the present study.

3.2 Research Strategies

A research strategy is a plan for how the research question is answered, and it is the methodological connection between the selected philosophy and subsequent selection of methods for data collection and data analysis (Denzin & Lincoln, 2005, as cited in Saunders et al., 2012). Saunders et al. explain that research strategies are linked with qualitative, quantitative or mixed methods research designs that are associated with one of the philosophical stances (paradigms) and also with a research approach (e.g., inductive, deductive or abductive). Research designs, approaches and methods and their interrelations are discussed below.

Quantitative, qualitative and the combination of both (mixed methods) are the most common research designs (Sheppard, 2020). Quantitative research is primarily associated with the positivist stance. Such research applies a deductive approach, using data to test theory. A quantitative approach is typically applicable if the purpose of an enquiry is hypothesis testing, confirmation or prediction (Groenland & Dana, 2019). In contrast, qualitative research is primarily associated with the interpretivist position and applies an inductive approach in which an emergent design is used to develop a richer theoretical perspective (Saunders et al., 2012). A qualitative approach should be preferred to gain insight into the phenomenon under consideration instead of evaluating the strength and route of underlying relationships in a conceptual model (Groenland & Dana, 2019). In recent years, there has been growing interest in conducting research using both positivist and constructionist epistemologies (Easterby-Smith et al., 2012). Proponents of the mixed methods approach claim that it increases the validity and generalisability of research results as well as their theoretical contributions. The approach's detractors argue that researchers lack the competence necessary to conduct different methods and highlight possible contradictions between the paradigms underlying various methods (Easterby-Smith et al., 2012). Qualitative research reflects a broad sensibility that is interpretive, post-experimental and critical and it is related to more narrowly defined positivist, postpositivist, naturalistic ideas of human experience and its examination – these tensions can be combined in the same research project, bringing both standpoints to bear (Nelson, Treichler, & Grossberg, 1992, as cited in Denzin & Lincoln, 2005).

A researcher must decide whether to employ an inductive or deductive approach, considering that the approaches are different but can be complementary (Sheppard, 2020). On the one hand, employing a deductive approach means using existing theory to shape the approach, which will be adopted to the research process and to aspects of data analysis (Saunders et al., 2009). On the other hand, in a research project that uses an inductive approach, a theory will be built up that is adequately grounded in the data. Bryman (1990) criticises the deductive approach, claiming that the prior specification of a theory could be disadvantageous due to the possibility of drawing premature conclusions about the issues to be investigated. With respect to the inductive approach, Yin (2007) counters that this kind of approach may be difficult for inexperienced researchers. Moreover, Saunders et al. argue that “to use an

inductive approach successfully may involve a lengthy period of time and prove to be resource intensive” (p. 490).

The abductive approach is a third approach mentioned in conjunction with the other two types of inference (deduction and induction). In the sense in which ‘abduction’ is used most frequently in the modern literature, it refers to the place of explanatory reasoning in justifying hypotheses (Douven, 2017). Sober (2013) maintains that abductive reasoning can be understood as an inference to the best explanation. Reichertz (1999) states that the hope of many qualitative researchers in the social sciences to find new and valid ideas by means of abduction is grounded in a misunderstanding of the meaning of the terms ‘abduction’ and ‘hypothesis’; abduction is defined as a mental process which is brought about by so-called ‘abductive flashes’ and must be understood as ‘informed guessing’ rather than as ‘rule-based interfering’. Therefore, abductive reasoning is a habit rather than a method. To summarise, there is a focal point on deductive and inductive approaches in social sciences and management research.

Saunders et al. (2012) observe that experiments and surveys are linked to quantitative research designs, while ethnography, action research, grounded theory and narrative inquiry are almost exclusively connected to qualitative designs. In addition, ‘archival research’ and ‘case studies’ involve qualitative or quantitative research or a combination of both (mixed methods). According to Groenland and Dana (2019) case study, critical incident, ethnography, field stimulation, and the grounded theory approach are forms of qualitative research. In terms of case methods, Easterby-Smith et al. (2012) argue that scholars in the management field tend to fall into two categories: those who support single cases and those who support multiple cases. Single cases relate more to a constructivist approach, while multiple cases reflect a positivist background.

3.3 Research Design

3.3.1 Initial decisions

A research design is the logical chain that connects the empirical data to a study’s preliminary research questions and, ultimately, to its conclusions (Yin, 2014). The focal purpose of a

research design is to prevent the circumstance in which the evidence does not address the preliminary research questions. The research design applied for this research project is introduced below.

(A) Qualitative research with case study method

Qualitative research is a perspective that accepts the essential difference between the social world and the scientific one (Adolphus, 2021). The approach recognises that people do not always follow the laws of nature but rather contain a whole range of feelings, views and attitudes that are primarily subjective in nature. The philosophical stance underlying qualitative research is therefore likely to be interpretivist or realist. Qualitative research designs are frequently seen as weak in regard to generalisation, and quantitative designs are considered weak for explaining why the observed results have been obtained (Eisenhardt & Graebner, 2007). Eisenhardt and Graebner argue that qualitative data offers insights into complex social processes that quantitative data cannot easily discover. Relatedly, Creswell (2007) claims that “qualitative inquiry represents a legitimate mode of social and human science exploration without apology or comparisons to quantitative research” (p. 9). In qualitative research, the research problem is approached by gathering and processing linguistic expressions and observations (Groenland & Dana, 2019). Knowledge and insights into emerging behaviours as well as their motives and determinants are obtained. Peshkin (1993) outlines four contributions of qualitative research:

- a. Description: disclose the nature of certain situations, systems or people, setting processes, relationships.
- b. Interpretation: qualify an investigator to gain new insights about a specific phenomenon, develop new concepts or theoretical perspective about the phenomenon or explore the phenomenon that exists within the occurrence.
- c. Verification: enable a researcher to test the validity of certain assumptions, claims, theories or generalisation within a real-world context.
- d. Evaluation: offer an instrument through which an observer can evaluate the effectiveness of specific policies, practices or innovations.

Some qualitative research designs begin with a deductive approach to test an existing theoretical perspective by means of qualitative procedures (Yin, 2009, as cited in Saunders et al., 2012). Saunders et al. note that an inductive approach will combine elements of a deductive approach as the researcher seeks to develop a theoretical position and then test its applicability through subsequent data collection and analysis: “Consequently, while you may commence with either an inductive or a deductive approach, in practice your research is likely to combine elements of both” (Saunders et al., 2009, p. 490). Case studies examine one or a small number of organisations, events or groups of people in depth (Easterby-Smith et al., 2012). They are applied in various fields of psychology, political science and business. ‘The research purpose of a case study is to describe one or more cases in depth and to address research questions and issues’ (Groenland & Dana, 2019, p. 35). Yin (2014) states that much of case study research as it is described seems to be oriented toward a realist stance, which assumes the existence of a single reality that is independent of any observer. In contrast to positivist methods, which attempt to generalise, the case study provides particularity (Gummesson, 2007). For instance, case studies can provide the opportunity for a holistic approach without the distraction of too many variables. Positivist researchers formulate concerns in terms of generalisations to be made from specific cases to the general population (Easterby-Smith et al., 2012). Case studies are generalisable to theoretical propositions and not to populations (Yin, 2014). This means that a case study does not embody a sample, and the purpose of conducting case study research is to expand and generalise theories (analytic generalisations) rather than to extrapolate probabilities (statistical generalisations).

In response to this concerns, Yin (2014) suggests to produce clear designs before any data is collected. These designs should cover the case study’s questions or research questions, its propositions (if any), the unit of analysis, the links between the data and propositions or research questions and the procedures for evaluating the findings. There is confusion among researchers about the meaning of the terms ‘unit of analysis’ and ‘unit of observation’ (Miles, 2019). Trochim (2020) defines a unit of analysis as the major entity that a researcher is analysing in a study, which can consist of individuals, groups, artefacts, geographical units or social interactions. Easterby-Smith et al. (2012) claim that the unit of analysis is the entity that forms the foundation of any sample, and the sample can be formed from one or more of the following: countries, industrial sectors, groups and organisations. Adolphus (2021) maintains

that the unit of analysis is the level at which the data is aggregated (e.g., a study of organisations or of industries). Comparably, DeCarlo (2018) states that a unit of analysis is the entity that a researcher wishes to say something about at the end of the study, and it is considered the focus of the study. Furthermore, DeCarlo defines the unit of observation as the item (or items) that researchers observe, measure or collect while trying to learn something about the unit of analysis.

Case studies can be useful when the unit of analysis (i.e. the subject under consideration) is a collective entity like an organisation or community (Adolphus, 2021). Paul and Rosado-Serrano (2019) conducted a review of firm internationalization limited to the period 1995–2018. The authors found that case studies were the dominant research method for data collection and analysis in their sample of research on gradual internationalization and born-global/INV models, representing 38% of the sample. The case study method was followed by regression analysis (23%), survey (22%), mixed methods (14%) and cluster analysis (3%).

In line with Trochim (2020), DeCarlo (2018) and Easterby-Smith et al. (2012), the unit of analysis of this study is the GPI.

Finally, Yin (1994) follows a replication/validation approach where theory is developed at the beginning of the research and then tested in case settings. In this approach, the validation process may result in new insights but it is mainly driven by pre-existing theoretical notions, concepts or codes (Steenhuis & Bruijn, 2006). To summarise, the case study method is one of the most frequently applied methods in research on gradual internationalization and born-global models. Therefore, conducting qualitative research with the case study method is a promising approach for exploring a complex industry-specific phenomenon in business management.

(B) Building theory from cases

Substantive empirical research begins with a strong grounding in related literature, identifies a research gap and introduces research questions that address the gap (Eisenhardt & Graebner, 2007). They outline, that the challenge of justifying inductive case-based research also depends on the research questions that extend existing theory. Building theory from cases contains several basic steps: (1) knowing the literature, (2) identifying the research

questions and, especially in multicase research, the research steps, (3) research design and (4) theoretical sampling (Gehman et al., 2018). A theory is actually a simplified cause and effect structure of a singularity that is innately complex in reality or can be viewed as a stylistic reproduction of an inherently complex reality (Groenland & Dana, 2019). A theory is “a statement of relationships between units observed or approximated in the empirical world” (Bacharach, 1989, p. 498). Merton (1973) defines theory as an abstracted and simplified lens on reality that adds to a particular body of literature. The latter definition is more in line with qualitative research and will underpin this study. Eisenhardt (1998) advocates specifying constructs a priori to shape the initial design of theory-building research. If these constructs (in the case of this study, the initial GPI model of internationalization) prove important as the study progresses, then researchers have a stronger empirical grounding for the emergent theory. Similarly, Yin (2014) argues that for case studies, some theory development as part of the design phase is highly desired. Following these suggestions, an initial GPI model of internationalization is developed and presented in section 2.5, ‘Initial Conceptualisation’. The theory-building steps (1) and (2) suggested by Gehman et al. (2018) are undertaken in section 2, ‘Literature Review’, step (3) is conducted in this section, ‘Research Design’ and step (4) is covered in subsection 3.3.2.2, ‘Sampling’.

(C) Contribution to local knowledge

Easterby-Smith et al. (2012) point out that another area requires a decision when formulating a research design: whether the research contributes to universal theories or local knowledge. Several scholars argue that the latter is more significant, and local knowledge is also important for management and organisational research. The findings of the present study are intended to contribute to knowledge by examining a new sector, potentially offering adaptation and extension. The study also aims to provide insights to management and policymakers.

(D) Cross-sectional design

Most research projects are cross-sectional, as they study a particular phenomenon at a particular time (Saunders et al., 2012). In addition, most research projects undertaken for academic courses are necessarily time constrained. Saunders et al. state that cross-sectional designs also apply qualitative strategies; for instance, numerous case studies are based on

interviews conducted over a short period. This research project is cross-sectional, and all interviews were conducted between May and July 2020.

(E) Semi-structured interviews – key source of evidence

Easterby-Smith et al. (2012) maintain that modalities are the approaches and tools for collecting qualitative data, and many of them are not clearly specified. They name the approach for collecting data from organisational members (e.g., managers) 'natural language data'. This approach aims to apply language data to gain insights into social and organisational realities by discovering the views, perceptions and opinions of individuals and groups with the main method – the in-depth interview, outlined by Easterby-Smith et al. In addition to documents, direct observation, participant observation and physical artefacts, other techniques are used to collect qualitative data, the most important of which is the interview (Yin, 2007). In line with the latter view, Wahyuni (2012) states that primary data is usually collected by conducting semi-structured interviews with experts on the observed topic from the case organisations, and the interview is most often selected as the main method for collecting empirical data about the relevant practices. A single source of evidence (e.g., interviews) can and has been the sole basis for entire studies (Yin, 2014). For such studies, the researcher should select the single most appropriate source or the one with which the researcher is most familiar, whereas multiple sources of evidence are recommended for case study research. Interviews can be categorised as structured, semi-structured or unstructured/in-depth interviews (Saunders et al., 2009). In semi-structured interviews, the researcher has a list of topics and key questions, and the order of the questions may vary depending on the course of the interview. Hence, such interviews offer the advantage of using a list of predetermined topics and questions as in a structured interview while maintaining enough flexibility to allow the participant to talk openly about any topic raised during the interview (Wahyuni, 2012). Noor (2008) claimed, similarly, that semi-structured interviews offer adequate flexibility to approach diverse respondents differently while still covering the same areas of data collection. Following a semi-structured interview process enables researchers to ask 'how' and 'why' questions, which lead to the gathering of a rich data set (Taylor & Jack, 2016). In line with previous research, the present study applies semi-structured interviews as the key source of evidence. In addition, unstructured interviews with industry

experts (see subsection 3.3.3.3) and documentary information (see subsection 3.3.3.2) are used as further sources of evidence.

(F) Applied thematic analysis

Content analysis, grounded analysis, social network analysis, discourse analysis, narrative analysis, conversation analysis and argument analysis are distinct methods for analysing natural language data such as interviews, diary studies or video records (Easterby-Smith et al., 2012). In qualitative designs, bias is more difficult – if not impossible – to eliminate from the data collection and analysis process, and it becomes necessary to acknowledge and account for it rather than attempting to remove it (Barney et al., 2006).

Content analysis (CA) and thematic analysis (TA) are two prominent methods used to analyse message content, and both have been defined in diverse routes and have been applied to a broad range of phenomena (Neuendorf, 2019). In both CA and TA, the researcher analyses narrations associated with social phenomena by breaking transcriptions into small units, which are read numerous times to explore the main meaning behind the data (Vaismoradi & Snelgrove, 2019). In these techniques, the researchers approach the data by accenting key ideas as codes related to the phenomenon. CA applies various levels of interpretation, including the use of codes' frequencies to find meanings and the selection between manifest and latent contents. As a result, the method runs the risk of missing hidden trends in the data, outlined by Vaismoradi and Snelgrove. CA uses a descriptive procedure in both coding the data and explaining the quantitative counts of the codes (Downe-Wamboldt, 1992). In contrast, TA offers a purely qualitative, exhaustive and nuanced interpretation of data (Braun & Clarke, 2006) and focuses on identifying and describing both implicit and explicit meanings within the data – that is, themes (Guest, MacQueen, & Namey, 2012). Guest et al. state that codes are then typically developed to embody the identified themes and applied or connected to raw data as summary markers for subsequent analysis. Compared to CA, TA has a higher level of interpretation than description and contemplation of both hidden and obvious contents (Vaismoradi & Snelgrove, 2019). Braun and Clarke (2006) draw attention to a shortcoming of TA: the use of data collection questions (e.g., from an interview schedule) as the reported themes; in such cases, no analytic effort has been made to find themes across the complete data set or to make sense of the patterning of replies. This study counteracts

the deficiencies of TA by adding an inductive qualitative analysis after the conclusion of the deductive qualitative analysis. Both approaches are outlined in section 3.5.1, 'Coding the qualitative data'. Applied thematic analysis (ATA) is not a novel approach – it is based on commonly employed inductive thematic analysis and can be used for the purpose of building theory as well as finding solutions to real-world problems (Guest et al., 2012). The topic of ATA can include social and cultural phenomena as well, and it has a pragmatic focus on using a variety of analytic tools in a transparent, efficient and ethical way. The data analysis in this research project is conducted in accordance with ATA (see section 3.5).

This study incorporates Yin's (2014) suggestion that an appropriate research design should cover the (1) research questions, (2) unit of analysis, (3) links between data and propositions or research questions and (4) procedures for interpreting the findings. Yin argues that the first two components guide the research design in identifying the data that are to be collected, while the last two guide the design in anticipating the case study analysis, proposing what is to be done after data collection. The last two components, (3) and (4), are addressed in section 3.5, 'Data Analysis', and the first two components, (1) and (2), have already been considered: the research questions are formulated in section 2, 'Literature Review', and the unit of analysis is the GPI. The unit or units of observation will be determined in subsection 3.3.2.2, 'Sampling'.

Consistent with Saunders et al. (2009), Yin (2014) and Steenhuis and Bruijn (2006), this inductive qualitative case study research also includes elements of the deductive approach. In particular, the author develops a theoretical position (the initial model in section 2.4) and then tests its applicability through subsequent qualitative data collection and analysis. Therefore, this study follows a validation approach in which the initial model of GPI internationalization is developed at the beginning of the research and then tested in case settings where the validation process may produce new insights. This means that in section 2, the initial model of internationalization for the GPI is developed as a result of the literature review and the identified research gaps. Subsequently, in this section, the initial model is validated by a deductive qualitative analysis of the primary data. Then, an inductive qualitative analysis of the primary data is conducted to explore whether new industry-specific elements emerge that are not considered in the initial GPI internationalization model. In summary, Figure 3.2 illustrates the selected philosophy and research design (the red

underlined elements) of the undertaken study in the context of the general philosophical and methodological spectrum of the social sciences.

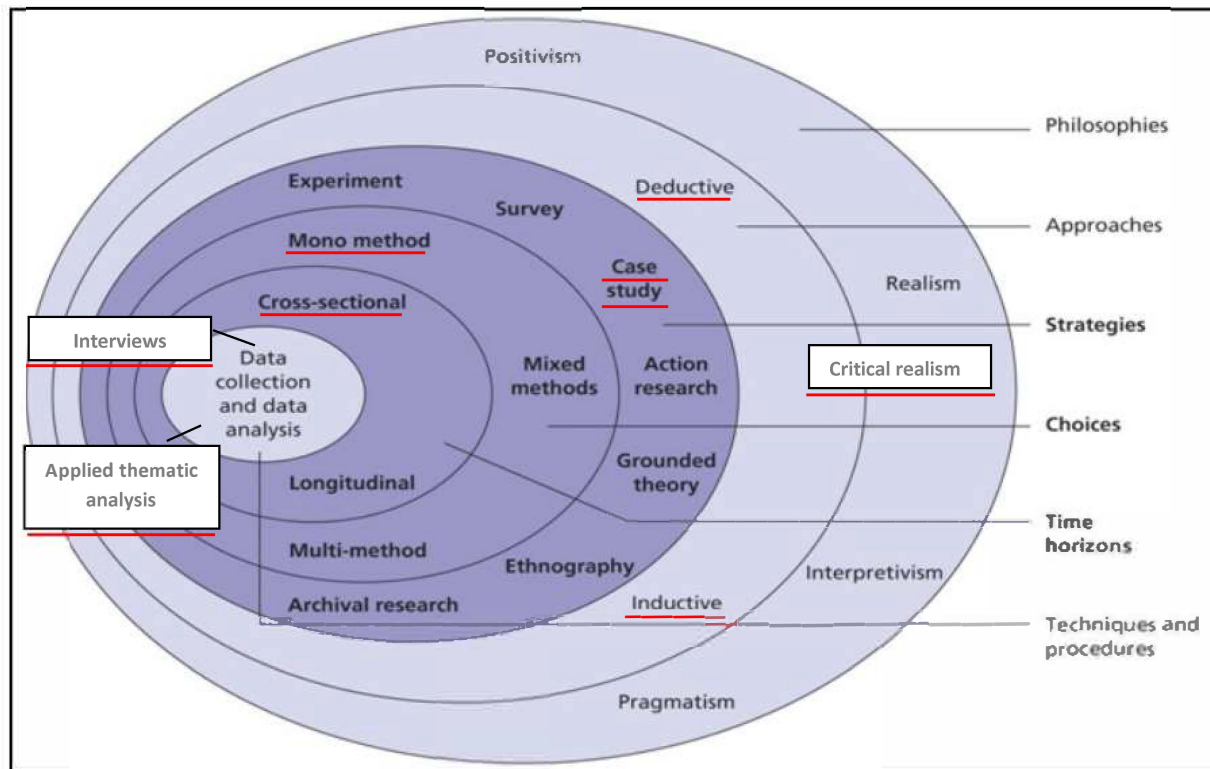


Figure 3.2 Selected philosophy and research design, adapted from Saunders, Lewis, and Thornhill (2012).

3.3.2 Research method

3.3.2.1 Holistic multiple-case study

In subsection 3.3.1, the considerations and advantages of undertaking a case study approach are outlined. Once this approach is selected, it is necessary to decide whether the case study is conducted as a single-case or a multiple-case study and if it is an embedded or holistic approach. If there is a choice, the multiple-case method may be preferred over the single-case method due to its potentially significant analytic benefits (Yin, 2014). Eisenhardt and Graebner (2007) argue that multiple cases allow broader investigation of research questions and theoretical elaboration. In addition, a case study can use an ‘embedded’ approach – that is, multiple levels of analysis within a case where consideration is also given to a subunit

(Eisenhardt, 1989; Yin, 2014). In contrast, if the case does not have multiple levels of analysis (e.g., the examination of a case firm as a whole), a 'holistic' design will be used (Yin, 2014). The present study applies a multiple-case method (several firms within the GPI) with a holistic design (no subunit of analysis within each case firm), which is suitable for the research questions and objectives.

3.3.2.2 Sampling

Sampling is the procedure of selecting units, such as people or organisations, from a population of interest (Trochim, 2020). The sample is the source of the primary data, and it is important to decide how to select it (Adolphus, 2021). Yin (2014) refers to the 'entire pool' of cases instead of using the term 'population'. Moreover, Yin uses 'cases' rather than 'units', 'screening procedure' for 'sampling' and 'final cases' for 'sample'. Instead of sampling cases from a chosen population, the case study method uses 'theoretical sampling' (instead of statistical sampling); random case selection is neither required nor preferable (Eisenhardt, 1989). Similarly, Yin (2007) claims that sampling logic is not applied in case study designs and the sampling size is insignificant. Theoretical sampling indicates that cases are selected because they are particularly appropriate for revealing and extending relationships and logic among constructs (Eisenhardt & Graebner, 2007). Yin's (2014) main point is that case studies are not generalisable to populations, and so the terms 'sampling', 'units', 'sample' and 'population' may be avoided. This study applies the sampling terms from Adolphus (2021), DeCarlo (2018), Trochim (2020) and Yin (2014) interchangeably where no different methodological meaning is identified. Yin (2014) notes that there may be numerous qualified case candidates, and the goal of the screening procedure is to be certain that the final cases (sample) are suitably identified prior to formal data collection. He describes how to conduct the screening procedure for a dozen possible case candidates and also provides a procedure for a large number of possible case candidates.

The entire pool of case candidates within the GPI constitutes several hundred cases. Therefore, the screening procedure for a large number of case candidates is pursued. Yin (2014) describes the screening procedure in four steps: (a) the relevant quantitative data about the population is collected (e.g., from statistical databases about firms); (b) after

reducing the number of candidates to 12 or fewer, the people that are knowledgeable about each case candidate are identified; (c) a set of operational criteria whereby case candidates will be considered suitable to serve as cases is defined; and (d) in multiple-case studies, cases are selected that best fit the replication/validation design. Corresponding to Yin's screening procedure, steps (a)–(d) are implemented as follows.

Implementation step (a): quantitative data about the GPI are retrieved. The source of the data is a company database (Wer-zu-wem, 2020), and the data set is available in electronic table format. The operating company of the data base collects and bundles profiles and background information on about 110,000 German firms, including retailers, service providers and industrial companies. To identify the SMEs of the GPI, the generally accepted and applied SME classification of the European Commission (2003a) is utilised. The company database contains two out of three SME classification attributes: turnover and headcount. The third attribute, balance sheet total, is gained via the annual financial statements that are released in the database Federal Gazette (Federal Ministry of Justice and Consumer Protection, 2021). The Federal Gazette is the announcement organ of the Federal Republic of Germany and the central platform of company accounting and financial reports, amongst other information. However, to definitively identify the SMEs within the data set of the company database, headcounts lower than or equal to 250 and turnover lower than or equal to EUR 50 million are sufficient due to the OR-relation of annual revenue and balance sheet total of the European Commission's SME classification. Hence, the search query 'packaging manufacturers' with an 'annual revenue' below or equal to EUR 50 million and a 'headcount' below or equal to 250, and excluding '0' values for the attributes 'annual revenue' and 'headcount', retrieved 98 results. In a second step, firms that belong to foreign multinational enterprises were excluded.

Implementation step (b): A Chief Executive Officer (CEO) is usually the paramount decision-maker within a firm and represents the case candidate. Therefore, the CEOs considered to be most knowledgeable about each case candidate were identified and their email addresses were obtained.

Implementation steps (c) and (d): Previous studies suggest selecting cases that either predict similar results (literal replication) or contrasting results (theoretical replication) but for

anticipatable reasons (Yin, 2014). Eisenhardt (1989) argues that the aim of theoretical sampling is to select cases that are expected to replicate or extend the emergent theory. Since the number of cases that can be studied is usually limited, it makes sense to select cases such as extreme situations and polar types in which the process of interest is obviously apparent (Pettigrew, 1988, as cited in Eisenhardt, 1989). Polar types represent a particularly important sampling approach in which an investigator selects extreme cases –for instance, very high and very low performing firms – in order to easily observe contrasting patterns in the data (Eisenhardt & Graebner, 2007). In line with Eisenhardt (1989), Eisenhardt and Graebner (2007), and Pettigrew (1988), a sampling of polar types is applied to select suitable case candidates: GPI SMEs with low and high levels of internationalization and MNEs with high levels of internationalization. Hence, the operational criteria to select purposive cases within the GPI are (1) GPI SMEs with an internationalization ratio lower than 31.2% (the average GPI internationalization ratio is 31.2%; see section 2.2), (2) GPI SMEs with an internationalization ratio higher than 31.2% and (3) GPI MNEs with an internationalization ratio higher than 31.2%. Furthermore, (4) all case candidates are expected not to be an affiliate of a foreign organisation. This final operational criterion was selected to avoid a distortional impact, such as access to more resources or management know-how compared to other case candidates without a foreign parent company.

In accordance with Yin's (2014) suggestion of six to 10 cases for a multiple-case design and Eisenhardt's (1989) proposal of four to 10 cases, the purposive case selection initially results in nine final cases. The ultimate number of final cases depends on reaching theoretical saturation (see subsection 3.5.6). The population (entire pool) of case candidates is the GPI, and the units of observation are nine firms. Three of the final cases (units) are SMEs with a low level of internationalization, and two cases are SMEs with a high level of internationalization. The four remaining cases are MNEs with a higher level of internationalization with respect to the average GPI internationalization ratio. All four MNEs were founded as family-run businesses with family ownership until today as well as long periods of family-managers' participation. Hence, these four MNEs started as SMEs with a similar entrepreneurship structure compared to the SME case firms. The internationalization ratios of the final cases were gathered from the accounting year 2019, retrieved from the Federal Gazette. All case firms are well-established; the youngest has an age of 47 years and

the oldest has an age over 150 years. Table 3.1 provides an overview of the case firms, and a description of each case firm is provided in subsection 3.5.4.

Case #	Case name	Size category	Balance sheet total (€ million)	Headcount	Internationalization ratio (%)
1	Alpha	SME	12	100–200	20
2	Beta	SME	16	50–100	5
3	Gamma	SME	8	50–100	25
4	Delta	MNE	78	500–1,000	42
5	Epsilon	SME	12	100–200	65
6	Zeta	MNE	770	1,000–2,000	36
7	Eta	SME	8	50–100	90
8	Theta	MNE	290	1,000–2,000	58
9	Iota	MNE	335	3,000–4,000	36

Table 3.1 Case firms – overview.

3.3.3 Data collection

3.3.3.1 Semi-structured interviews – case firms

Due to the COVID-19 pandemic, an official order of the federal state government of Bavaria restricting physical meetings became effective in March 2020. As a consequence, it was not possible to perform face-to-face interviews during the scheduled time period in 2020. Therefore, the author reviewed alternative research techniques using telephone interviews. Saunders et al. (2012) note that managers may prefer telephone interviews because they provide the flexibility to reschedule the appointment and involve no obligation to host the interviewer at the firm's location. Some researchers have described the qualitative telephone interview as a good alternative to face-to-face interviews, but not as a main method for data collection (Weiss, 1994, as cited in Trier-Bieniek, 2012). A further concern about telephone interviews is that there is a lack of interaction between the interviewer and participant (Shuy, 2002, as cited in Trier-Bieniek, 2012). On the other hand, Sturges and Hanrahan (2004) found no significant differences in a comparison of transcripts from face-to-face interviews and phone interviews. Telephone interviews can yield high-quality data while maximising the

response rate (Tausig & Freeman, 1988). Moreover, telephone interviews can be applied when the respondent group of interest uses telephones for both brief instrumental conversations and longer expressive conversations (Sturges & Hanrahan, 2004). As a result, the author decided to conduct telephone interviews instead of the initially planned face-to-face interviews due to the COVID-19 pandemic.

The more a case study contains specific questions and propositions, the more it will stay within practicable limits (Yin, 2014). The suitability of semi-structured interviews to contribute to this study is outlined in subsection 3.3.1, 'Initial decisions'. Burke and Miller (2001) recommend summarising the general details of each interview. In the present study, the results were summarised in a table with details about the name of the interviewed CEOs, the code names for anonymisation of the firms as well as the respondents, company names, email addresses, phone numbers, date, time and duration. Furthermore, a tick box indicates if the respondent agreed to voice recording, consented to participate and if the interviewer affirmed anonymity and confidentiality. The agreement to participate can be organised with a signed consent form or verbal, witnessed or recorded agreement (Bhutta, 2004, as cited in Thomson, 2013). Farooq and de Villiers (2017) contacted participants prior to their telephone interview via email to provide information about the research objectives, data confidentiality and participant anonymity, estimated time required and the interview questions. Correspondingly, in order to gain the CEOs' participation in the study, most emails were sent directly to the individual email address of each CEO. In these emails, the author introduced the research project and himself, informed the CEOs about the required time with an appointment proposal and assured participant anonymity. The interview questions are deduced from the detailed research questions. Table 3.2 illustrates a framework for how the interview questions relate to the first research question, the first research objective, DRQ 1.1, DRQ 1.2, DRQ 1.3 and the respective components of the initial GPI internationalization model (see Appendix 4 framework for all IQs). The DRQs are linked to the components of the initial GPI internationalization model, and the interview questions indicate what model components and DRQs are addressed.

RQ #	Research question (RQ)	Research objective (RO)	Detailed RQ (DRQ)	Components of the initial model	Interview question (IQ)	IQ Schedule #
1	RQ1 What are the reasons for the low levels of internationalization within the GPI, which consists mainly of SMEs?	RO1 To identify reasons for the low levels of internationalization within the GPI	DRQ 1.1 What are the key obstacles to expanding into foreign markets?	IDI2 Financial & Personnel Resources IDE 2 Policy Measures	IQ 1.5 (DRQ 1.1, 1.2) What are the barriers to start or expand your business abroad? IQ 4.3 What is the situation about your personnel and financial resources to internationalize? IQ 4.4 Did you exclude certain entry modes due to resource constraints and which ones? IQ 1.1 Does your company qualify as SME?	5 16 17 1
			DRQ1.2 Do managerial internationalization competencies exist?	IDI1 Management Experience & Qualification IDI4 Networks	IQ 1.4 (DRQ 1.2) Would you please describe the owner structure of your company and what is the professional & cultural background of your top management? IQ 1.5 (DRQ 1.1, 1.2) What are the barriers to start or expand your business abroad? IQ1.3 What is the ratio of your foreign sales to total sales?	4 5 3
			DRQ1.3 What policy measures would support GPI's internationalization process?	IDE 2 Policy Measures	IQ 4.2 (DRQ 1.3) What policy measures would support your internationalization process?	15

Table 3.2 Framework – RQs, ROs, DRQs, model components, IQs – excerpt for RQ 1.

Finally, an interview guide was developed (see Appendix 5), and telephone interviews were conducted in May and July 2020 with six CEOs, two co-CEOs and, in the case of firm Theta, one Chief Commercial Officer. The interviewed co-CEO of Zeta officiates as a board member of a plastics industry association. In addition, Epsilon's CEO is the chairman of a paper and plastics industry association. After discussing firm-specific themes, the final stage of both interviews focused on industry topics, and valuable industry insights emerged from Zeta's co-CEO and the CEO of Epsilon.

Lamnek and Krell (2010) state that an interview should last about 60 minutes, with potentially high deviations conditioned by the context and interview setting. Jamshed (2014) maintains that semi-structured interviews commonly last from 30 min to more than one hour. DiCicco-Bloom and Crabtree (2006) argue that semi-structured in-depth interviews are mainly conducted once for an individual or group and take between 30 minutes to several hours to complete. Furthermore, Irvine (2011) observed that the duration of telephone interviews was 15 minutes shorter than that of face-to-face interviews. Irvine assumes that participants are more naturally forthcoming in face-to-face interviews, and so talk at greater length and provide relevant information without the need for explicit prompting. A further finding is that researchers give acknowledgement tokens more often (e.g., 'mm', 'hm', 'yeah', 'okay') in face-to-face interviews, combined with visual feedback such as nods and smiles. Such feedback encourages participants to discuss their narratives at greater length without the need for explicit immediate questions. In this study, all interview questions in the interview guide were asked, and the telephone interviews had an average length of 45 minutes. This is in line with the previous suggestions and is consistent with the evidence that telephone interviews may be about 15 minutes shorter on average than interviews in face-to-face settings.

All semi-structured interviews were recorded and transcribed verbatim. A transcription transfers natural language into textual data that provides the researcher a replicable interpretation, making it possible to conduct a critical evaluation at any time with a high level of methodical validity (Lamnek & Krell, 2010). The transcripts include the following information: name of the audio file, recording date, recording duration, date of transcription, timestamps to indicate when the adjacent text was spoken and coding to differentiate between interviewer and respondent. The transcription is conducted according to the guidelines of Dresing and Pehl (2018). The first two pages of an anonymised transcription are enclosed in Appendix 6. Access to the top management of the companies was provided, and all participants had the knowledge and experience to provide significant insights.

As outlined in section 3.3.1, semi-structured interviews offer adequate flexibility in approaching diverse respondents while still covering the same areas of data collection (Noor, 2008). A list of predetermined questions – in this study deduced from the detailed research questions – in combination with semi-structured interviews maintains sufficient flexibility to

allow participants to talk openly about any topic raised during the interview (Wahyuni, 2012). This interview type allows 'how' and 'why' questions, which lead to the gathering of a rich data set (Taylor & Jack, 2016) and insights into social and organisational realities reflected in the views, perceptions, and opinions of individuals (Easterby-Smith et al., 2012). The data in this research enable the evaluation of the realities of the GPI through the lens of stage theory and the born-global and born-again global approaches; these theories and findings are synthesised and developed into an innovative model of internationalization to address industry-specific requirements.

3.3.3.2 Documentary information – case firms

Documentary information can take many forms, including evaluations related to the case, emails and diverse documents accessible through internet searches (Yin, 2014). Such documentation is expected to be relevant to every case study subject. Some researchers apply only one or a few of the data collection methods, but methods are usually combined in case study research (Eisenhardt, 1989). Bryman (1989) claims that documents offer qualitative investigators the advantage of verifying the validity of information from other sources and thus provide a different level of analysis. This study applies documentary information to enhance the picture provided by the interview data. On the one hand, documentary information was retrieved from the Federal Gazette (Federal Ministry of Justice and Consumer Protection, 2021). On the other hand, further secondary data about the case firms, such as documents about the firms' history, events, development milestones, technology status, product range and innovations – as well as policy statements and press releases – were retrieved through the internet.

3.3.3.3 Unstructured interviews – industry experts

Interviews are sometimes criticised for producing biased data, and impression management and retrospective sensemaking are considered the main problems (Eisenhardt & Graebner, 2007). Thus, the challenge is to implement data collection approaches that limit bias. Eisenhardt and Graebner claim that a key approach is to use highly knowledgeable informants

(e.g., outside observers such as market analysts) who view the phenomena of interest from diverse perspectives. According to this suggestion, several interviews with industry experts were conducted to mitigate biased data. These expert interviews provide different perspectives on the observed singularity within the GPI, and it is unlikely that industry experts in the position of outside observers engage in convergent retrospective sensemaking or impression management.

Asking new questions in line with the research context supports the opportunity to explore the research subject from multiple angles, which makes it possible to gather a diversity of information about the research theme ("Structured vs unstructured interviews", 2020). In an unstructured interview, the interviewer must develop, adapt, and create further questions reflecting the essential purpose of the study (Greene, 1998). Hence, unstructured interviews are the research technique for data collection in the present study regarding the industry experts. Four expert interviews were organised and conducted under the same conditions and guidelines as those of the case firms (see subsection 3.3.3.1). The expert interviews left open the possibility of new aspects emerging but focused on obstacles faced by GPI SMEs in the internationalization process, the ownership structure of GPI companies and the challenges that arise for these companies in disruptive environments. In addition, the interviews covered such topics as formal education, sociocultural competencies, international experience, the networks of senior management and owners of GPI firms, business models, industry factors, and sustainability as a key megatrend affecting the packaging industry. The expert interviews provide insights at an aggregated level as compared to the company-level findings generated by the interviews with the case firms' senior management and the documentary information pertaining to the case firms. Therefore, an additional level of analysis is created and supporting findings at the industry level (industry experts) in comparison to decision-makers at the firm level (senior management) could contribute to validity. An introduction of the industry experts follows.

(1) Expert D

After studying for a degree in packaging technology at the University of Printing and Media in 'T' with several semesters abroad, Expert D began his professional career in the strategic sales of printing machines in the packaging industry for an international company. The large

number of contacts and the resulting establishment of a Europe-wide network enabled him to establish himself as the managing partner of a well-known, Europe-wide recruitment agency for the packaging industry.

In 2010, Expert D decided to bundle his many years of experience, holistic view of all areas of the packaging market and contacts with specialists and companies under one roof. He founded the consultancy 'M' in order to offer the industry a wide range of advice that is focused on the packaging market with established, experienced network partners. Expert D offers the packaging market his solution-oriented, holistic and visionary working style. His knowledge lies in personnel consulting, interim management, market research, strategic networking, sales strategies, digital printing, market innovation and Herrmann Brain Dominance Instrument analyses.

(2) Expert L

Expert L has more than 20 years of operational and strategic experience in the packaging industry, including both practical and management experience. Expert L held roles as Head of Materials Management and Logistics, Managing Director of Production and Sales Subsidiaries, Sales Director, Head of Business Unit and Managing Director in medium-sized companies with several hundred employees.

Important topics and projects that have been successfully implemented by Expert L in recent years include make-or-buy decisions, founding international sales companies, developing and introducing new products, adapting sales structures, new business area strategies and searching for, analysing and addressing M&A targets.

Expert L focuses on advising medium-sized companies and comparable business areas of larger corporate groups. Important consulting focal points include the development of strategies for individual business areas or product groups, market entry, the optimisation of sales structures (internal and external sales and sales channels), the coordination of processes in development, production and sales and support for M&A processes.

The focus of Expert L's advice is the packaging industry, which is changing. The internationalization of business will continue, as will the consolidation of corporate structures. The targeted management of changes will be particularly important in the future.

The manufacturers of packaging materials and their suppliers are being forced to make changes in their companies due to declining margins and increasing competitive pressure. Production and administration processes must be optimised, new products must be developed, and sales work must be internationalized and intensified. The entry of private equity investors into the industry will further accelerate change.

(3) Expert R

'DP' Group is a leading German strategy and innovation partner for the packaging market. With packaging expertise, 'DP' serves branded goods and customers in the packaging industry. As the co-founder and CEO of 'DP', Expert R advises his customers worldwide on packaging design and business strategy and thus supports them in developing their business. His current topics are digital transformation, circular economy, culture and agility.

Regardless of which stage of the value chain companies are on, 'DP' accompanies them in mastering disruptive developments such as digitisation or the circular economy and exploiting growth potential.

Expert R is also involved as a chairman and board member of various organisations in the packaging industry. Moreover, he is a keynote speaker at important events in the industry, has published worldwide in specialist magazines and the daily press, is a member of the jury for several sustainability awards and is a guest speaker at universities worldwide.

(4) Expert W

Expert W is the founder and managing director of a personnel consultancy and supports companies in recruiting specialists and managers with special qualifications within the packaging industry.

Expert W understands the complex interrelationships of the packaging industry, from packaging materials to all the value-added processes from application to disposal. Expert W's specialisation, which has lasted for decades, offers clients great benefits and is a crucial prerequisite for successfully filling vacancies. The personnel consulting company works according to the principles of proper and qualified personnel consulting (GoPB) of the Federal Association of German Management Consultants (BDU).

In addition, Expert W combines a professional and systematic way of working with shared values. The principle of the 'honourable businessman' is lived by all Expert W's employees out of conviction. In concrete terms, this means that economic efficiency and ethical action are combined rather than viewed as opposites.

Expert W's work is geared towards the long term. This is also true of Expert W's client relationships, which are pursued and implemented with honesty, diligence, and foresight. Open and honest communication is an important prerequisite for successful cooperation.

3.4 Ethical Considerations

Research is usually regulated by codes or standards that are established by associations, societies and universities to minimise the risk that research participants are harmed (Sheppard, 2020). Past events forced the re-examination of ethical standards and led to the gradual development of a consensus that potential human subjects must be protected from being used as guinea pigs in scientific research (Trochim, 2006). There is growing pressure from other academic disciplines, such as medicine and psychology, for all universities to implement clear ethical codes and practices (Easterby-Smith et al., 2012). Moreover, there is growing unity, especially in the social sciences, about a general set of principles.

Neuman (1997) describes privacy, anonymity and confidentiality as three major ethical components that are relevant to all researchers. Similarly, Walker (1980) claims that there are five areas on which researchers should concentrate for ethical considerations, and three of them correspond to Neuman's elements: confidentiality of data (confidentiality), issues concerning access and control over any data collected (privacy) and ensuring the anonymity of persons who grant interviews or give information necessary for the study (anonymity). Several key phrases describe the system of ethical protections that the contemporary social and medical research establishment has created (Trochim, 2006): the requirement of informed consent, confidentiality and the stricter standard anonymity, voluntary participation and avoiding the risk of physical and psychological harm. Therefore, it must be assured that the interests of individuals and organisations are protected (Easterby-Smith et al., 2012).

Data protection legislation applies when personal details are recorded in some way, either manually or electronically (Coats, 2005; Parry & Mauthner, 2004). In research settings, data protection imposes obligations on researchers to offer research subjects detailed information about what will happen to the personal data that they collect (European Commission, 2018). It also requires the organisations processing the data to ensure the data are protected, minimised and destroyed when no longer needed. The European Commission argues that whenever and however personal data is collected, the researcher has both ethical and legal obligations to ensure that participants' information is properly protected. The Commission suggests the following actions: (1) use tools that are compliant with the General Data Protection Regulation (GDPR) to collect, use and store research subjects' personal data; (2) check the terms and conditions of all the service providers used (software, applications, storage, etc.) to process personal data within a project in order to identify and mitigate risks to the data subjects; (3) encrypt research data and/or the devices on which they are stored, and ensure that keys and passwords are suitably protected; and (4) consult a qualified expert for advice on how to achieve a level of data security that is appropriate for the risks to the data subjects.

This study complies with informed consent, confidentiality, a strict standard of anonymity, voluntary participation and the avoidance of the risk of physical and psychological harm. Moreover, this study also stores data about people and organisations, and appropriate provisions are made. The author respects all sensitivities and concerns that the participants involved may have. The company names and the individuals' names gained from the interviews are not included in the study to ensure the anonymity of the participants. All participants have the right to withdraw and refuse to answer at any time (see subsection 3.3.3.1). The author protects the interests of the individuals and case firms that are involved in this research by treating the identity of the participants and case firms as confidential. The documentary information in this research is publicly available, and every effort was made to ensure that no conclusion can be drawn from the study about the identity of the participants and case firms. The data are stored on two external hard drives, which are locked in the author's home office. The data will be stored for one year after thesis submission to enable reproduction if needed. To avoid the unauthorised disclosure of the data, the hard drives will be physically destroyed at the end of this period, as this is the most reliable way to dispose of

the data (Van den Eynden, Corti, Woollard, Bishop, & Horton, 2011). All the data will be treated with confidentiality, and all operations in the research process will be conducted in accordance with the ethical codes, the guidelines of the University of Gloucestershire's Handbook of Principles and Procedures (University of Gloucestershire, March 2021) and the GDPR (IT Governance Privacy Team, 2019).

3.5 Data Analysis

3.5.1 Coding the qualitative data

The elements of an appropriate research design were introduced in subsection 3.3.1. This section implements the two remaining steps: (3) links between data and propositions or research questions and (4) procedures for interpreting the findings (Yin, 2014).

By categorising data, researchers raise the conceptual level of the analysis from description to a more abstract theoretical level (Charmaz, 2006, as cited in Grodal, Anteby, & Holm, 2020). Inductive coding is seen as a completely accurate representation of the data but risks becoming an unmanageable process and losing focus (Linneberg & Korsgaard, 2019). Linneberg and Korsgaard maintain that researchers can adopt a narrow and deductive approach to coding and create a pre-defined coding frame before coding the qualitative data. The latter approach is applied in this study.

Guest et al. (2012) define the terms related to coding for data analysis as follows. (1) 'Data' is the textual representation of a conversation, observation, or interaction. (2) 'Theme' is a unit of meaning that is observed in the data by a reader of the text. (3) 'Code' is a textual description of the semantic boundaries of a theme or a component of a theme. (4) 'Codebook' is a structured compendium of codes that includes a description of how the codes are related to each other. (5) 'Coding' is the process by which a qualitative analyst links specific codes to specific data segments. (6) 'Text segment' is based on the questions asked and the responses from the participants and any probes; the segment includes the response as well as any probes and dialogue about the question. The outlined terms are used in this study.

The initial set of codes can be based on the research questions, hypotheses, key variables and problem areas (Miles & Huberman, 1994). Structural coding describes the link between data collection and the evidence generated; this approach identifies the structure imposed on a qualitative data set by the research questions and design, which is clearly seen when a structured interview guide is used (Guest et al., 2012). The RQs of this study were derived from a systematic literature review. However, this did not generate any additional approaches to answering the RQs. Therefore, a narrative literature review was conducted, from which the DRQs were developed. Following the coding approach outlined by Miles and Huberman, and Guest et al., this study will conduct structural coding and incorporates the DRQs as a set of codes for the deductive qualitative analysis (see Table 3.3). Table 3.4 displays all codes related to the structural coding process, that is from 'DRQ 1.1 – Key Obstacles' to 'DRQ 3.4 – Time & Pace to expand since Inception or Realignment'.

RQ #	Research question (RQ)	Research objective (RO)	Detailed RQ (DRQ)	Initial Code	Components of the initial model	Interview question (IQ)	IQ Schedule #
1	RQ 1 What are the reasons for the low levels of internationalization within the GPI, which consists mainly of SMEs?	RO 1 To identify reasons for the low levels of internationalization within the GPI.	DRQ 1.1 What are the key obstacles to expanding into foreign markets?	DRQ 1.1 Key Obstacles	IDI 2 Financial & Personnel Resources IDE2 Policy Measures	IQ 1.5 (DRQ 1.1, 1.2)) What are the barriers to start or expand your business abroad? IQ 4.3 What is the situation about your personnel and financial resources to internationalize? IQ 4.4 Did you exclude certain entry modes due to resource constraints and which ones? IQ1.1 Does your company qualify as SME?	5 16 17 1
			DRQ 1.2 Do managerial internationalization competencies exist?	DRQ 1.2 Managerial Competencies	IDI 1 Management Experience & Qualification IDI 4 Networks	IQ 1.4 (DRQ 1.2) Would you please describe the owner structure of your company and what is the professional & cultural background of your top management? IQ 1.5 (DRQ 1.1, 1.2) What are the barriers to start or expand your business abroad? IQ1.3 What is the ratio of your foreign sales to total sales?	4 5 3
			DRQ 1.3 What policy measures would support GPI's internationalization process?	DRQ 1.3 Policy Measures	IDE2 Policy Measures	IQ 4.2 (DRQ 1.3) What policy measures would support your internationalization process?	15

Table 3.3 Structural coding for the deductive qualitative analysis – excerpt RQ 1.

Name	Files	References
Components Initial Model	0	0
DRQ 1.1 Key Obstacles	12	40
DRQ 1.2 Managerial Competences	11	29
DRQ 1.3 Policy Measures	12	19
DRQ 2.1 Motives of Internationalization	11	33
DRQ 2.2 Sustainability Effect	10	15
DRQ 2.3 Industry Factors' Influence	10	13
DRQ 3.1 Market Selection Pattern	10	32
DRQ 3.2 Entry Mode applied	10	30
DRQ 3.3 Which Products to market abroad	11	24
DRQ 3.4 Time & Pace to expand since Inception or Realignment	9	18
I Unclear Data	3	6
I Unique	11	32
Q 1.1 SME Criteria	9	9
Q 1.2 Business abroad	8	8
Q 1.3 Intern. Ratio	9	10

Table 3.4 Set of initial codes with the counts of text segments and files.

Guest et al. (2012) report that they regularly use a technique to tag potentially relevant information by producing a generic 'Unique' code to apply to any text that might be of some importance but which cannot yet be evaluated in the context of the broader analytic picture. Furthermore, Guest et al. suggest defining an 'Unclear Data' code for portions of text of questionable value or that are not fully interpretable. Following these procedures seems valuable for this study's inductive qualitative analysis. Therefore, the initial codes 'Unique' (for any text that might be of some importance) and 'Unclear Data' (for text of questionable value) were created as the initial codes for the inductive qualitative analysis. The inductive qualitative analysis generated further codes, for example, 'know-how secrecy excludes FDI' and 'autonomy- banks' (see Table 3.5) from the initial code 'Unique'.

RQ	Initial Code	Code stage 2	Case	Deductive (D) or Inductive (I) Qual. Analysis	Ref.#	Summary (EN)	Quote (DE)
RQ1	DRQ 1.1	Unique	Epsilon	I	4	Know-how secrecy excludes FDI	Im Moment wäre das noch nicht möglich, weil wir leben von unserem/ wir leben extrem stark von unserem Knowhow, von unserer eigenen Entwicklung, die wir auch versuchen zu schützen. In dem Sinne, dass wir die niemand zeigen.;
RQ1	DRQ 1.1	Unique	Expert-L	I	1	Family-owned GPI firms are reluctant to disclose financial information to banks	und wie viele Informationen will ich zum Beispiel meiner Bank auch geben. Also bei vielen Familienunternehmen ist das ja ein Thema. Das ist sicherlich ein limitierender Faktor.

Table 3.5 Further codes emerged by the inductive qualitative analysis – excerpt.

A computer-aided qualitative data analysis software (CAQDAS) is a software package that can be used to aid the analysis of qualitative data such as text, audio and video (Easterby-Smith et al., 2012). NVivo and ATLAS.ti are the most popular coding and analysis software (Groenland & Dana, 2019). The coding in this study is conducted with the software package Nvivo version 12. In sum, this study undertakes structural coding that incorporates the DRQs as a set of initial codes (DRQ 1.1–DRQ 3.4) for the deductive qualitative analysis. The codes ‘Unique’ (for any text that might be of some importance) and ‘Unclear Data’ (for text of questionable value) were created as the initial codes for the inductive qualitative analysis.

Once the initial codes are generated, the coding process is conducted by examining segments of data from the case studies and associating them with one or more of the initial codes (Atkinson, 2002). Through this process, the text segments of the transcribed case study interviews and the interviews of the industry experts are analysed and linked to the initial codes. Figure 3.3 (see Appendix 7) displays an excerpt of an analysed text segment conducted with the software package Nvivo – the text segment is shown on the right and the overview of the codes on the left.

3.5.2 Data reduction

Coding and data reduction are essential elements of the qualitative data analysis process (Guest et al., 2012). Miles and Huberman (1994) maintain that data reduction is part of analysis and that it sharpens, sorts and organises data, allowing final conclusions to be drawn and substantiated. A qualitative data summary or matrix is a data reduction technique that provides an outline of the coded data while keeping the researcher close to the raw data and the quotes from which they were drawn (Guest et al., 2012). The present study utilises a data reduction matrix, as illustrated in Table 3.6. The matrix contains the codes, the case firms, whether the data is deductively or inductively approached, the reference numbers, the quotes and summaries of the quotes. With the reference number (e.g., 3), code (e.g., DRQ 1.1) and case (e.g., Alpha), a reader can very promptly identify the source of the quoted text and refer back to the text segments for context.

RQ	Initial Code	Code stage 2	Case	Deductive (D) or Inductive (I) Qual. Analyse	Reference #	Summary (EN)	Quote (DE)
RQ1 Reasons for the low levels of internationalization within the GPI?	DRQ 1.1 What are the key obstacles to expanding into foreign markets	DRQ 1.1	Alpha	D	3	Default risk mistrust towards foreign customers;	... der Gründer der Firma hat bis 2014 verboten ins Ausland zu liefern (Lachen RE 2); Er hat sich ... eingebildete ... wir bleiben auf unseren Forderungen sitzen, das war der einzige Grund.; ...zwei Kunden die schleppend bezahlt haben ... das waren letztendlich ein paar Tausend Euro in den letzten zehn Jahren. Aber das hat schon ausgereicht, dass der Inhaber sagte, nein wir beliefern nur den deutschen Markt.; Die paar Kunden die wir im Ausland hatten mussten per Sondergenehmigung freigegeben werden, vor zehn Jahren haben wir vielleicht eine Exportquote von 5 %, nicht mal 3 %.
RQ4	DRQ4.1	DRQ4.1	Alpha	D	4	Limited information for locating and analysing markets;	Die größte Hürde ist das Modell zu entwerfen, wo fange ich an, wie gehe ich da ran, an die Sache, wo knüpfe ich meine Kontakte? Wo habe ich die Adressen her, wie stellen wir uns auf?
RQ4	DRQ4.1	DRQ4.1	Alpha	D	4	Personnel resources;	Da brauchen wir jemanden, der sich eine Zeit lang damit beschäftigt, die Märkte analysiert. Den oder die hatten wir bisher nicht.; Das ist im kleinen Mittelstand wie Alpha die größte Hürde, hier jemanden frei zu schaufeln, der sich die Zeit nimmt und darum kümmert.

Table 3.6 Data reduction matrix – excerpt.

3.5.3 Data display

After coding and reducing the data, the next step is to display the data to indicate what the data imply and prepare to draw conclusions, which is the final step of data analysis (Miles & Huberman, 1994). Eisenhardt (1989) presents two strategies to avoid information-processing biases: (a) selecting categories or dimensions and then looking for within-group similarities coupled with across-group differences (the dimensions can be determined, for instance, by the research problem) and (b) dividing the data-by-data source. When a pattern observed in one data source is supported by evidence from another, the finding is stronger and better grounded. The underlying logic is replication – that is, a series of cases is treated as a series of experiments, with each case helping to confirm or refute the initial theory. Cases that confirm emergent relationships increase confidence in their validity, while cases that refute the relationships frequently provide an opportunity to refine and extend the theory (Yin,

2014). According to the suggested procedure, within-group similarities and across-group differences are measured by gathering the data related to each data source. There are three groups: the five SME GPI case firms, the four MNE GPI case firms and the four industry experts.

Table 3.7 shows an excerpt of the data display matrix for DRQ 1.1 with one representative of each data group, for example, SME (Alpha), MNE (Theta) and Industry Experts (Expert-D) and the emergent categories, for example, Alpha 'default risk' in light blue.

Size category			SME		MNE		Experts	
high levels	low levels of intern.			Summary		Summary		Summary
Dominant codes	DRQs	Code stage 2	Alpha	narrowed	Theta	narrowed	Expert-D	narrowed
language 1,1/2/2	DRQ1.1 What are the key obstacles to expanding into foreign markets	DRQ 1.1	Default risk - mistrust towards foreign customers;	default risk	Skilled personnel in host country that understand both cultures (host & domestic)	trained personnel host	GPI with low request frequency about M&A strategy in European countries	low level GPI FDI in EU (short distances)
personnel 1,2/2 /0 personnel - language 1,1/0/0		DRQ 1.1	Limited information for locating and analysing markets;	limited information	Guidance - FDI There is need to build up a pool of employees in due time that can be sent to the host country in case of a FDI	personnel resources - need to build a pool of expat	Language barriers related to low GPI M&A activities abroad	language
socio-cultural 1,0/3/1		DRQ 1.1	Personnel resources;	personnel resources - strategy	Trained personnel in host country to ensure the know-how transfer to the host country staff and lasting implementation the domestic country staff has to be present for 3 months cycles.	trained personnel host	Socio-cultural differences especially related to France; hard to understand the US market due to its huge market size	socio-cultural - France, USA due to market size

Table 3.7 Data display matrix – excerpt.

Similar and equal codes are gathered according to colour, for example, Alpha 'personnel resources', Theta 'trained personnel host' and 'personnel resources', are all coloured light orange. Furthermore, Table 3.7 displays which firms have low or high internationalization

ratios (see second row, red and green indications in the ‘Summary’ cells) related to the average GPI internationalization ratio (see section 2.2, Table 2.6). The dominant codes are displayed on the left hand of the matrix. Table 3.8 shows the code frequency for each data group alongside the indication of a low or high internationalization ratio for each case firm.

low internationalized SMEs, high internationalized SMEs / MNEs / Industry Experts						
Example: 1,2/2/0 1 SME low intern., 2 SMEs high intern. / 2 MNEs / 0 Industry Experts						
Dominant Codes						
Total code #	6	5	5	4	3	3
DRQ 1.1 What are the key obstacles to expanding into foreign markets	language 1,1/2/2	personnel 1,2/2 /0 personnel - language 1,1/0/0	socio-cultural 1,0/3/1	financial risk 1,1/2/0	financial resources 0,1/2/0	lack expertise - strategy 1,0/1/1

Table 3.8 Data display matrix – dominant codes and within-group frequency DRQ 1.1.

The data display is the final step of the data analysis. Within-group similarities and across-group differences are measured by gathering the data related to each source. The data is then prepared for the purposes of discussion and to draw conclusions; these elements are covered in section 5, ‘Discussion’ and section 6, ‘Conclusions’.

3.5.4 Validity, reliability and theoretical saturation

To enhance validity and reliability, different techniques can be considered. In this research, the following techniques from Guest et al. (2012) are applied: (a) use multiple methods or data sources, (b) transcription offers a verbatim account of data collection events, (c) confluent data from various sources validate findings, (d) including negative cases in an analysis extenuates analyst biases by obliging analysts to look for and state any evidence contrary to prevailing patterns recognized in the data, (e) employing verbatim quotes to improve the validity of findings by directly connecting the investigator’s interpretations with

what respondents actually said. Researchers might gain a greater degree of rigor in their work if they are explicit about and carefully detail their own knowledge and aims before and during data making and analysis (Grodal et al., 2020). Grodal et al. maintain that it is thus important that researchers find pathways for reporting and representing their data that increase the transparency of their research process.

Following the outlined suggestions, this research applies semi-structured phone interviews with the senior management of the case firms, unstructured phone interviews with industry experts and documentary information that is used within multiple data sources. In addition, the transcripts are generated according the rules of Dresing and Pehl (2018). All pre-planned cases are analysed throughout this study. Every detailed research question is linked to all related verbatim quotes from each case firm and from the industry experts (where applicable, due to the non-structured interview setting) to allow the reader to make their own evaluation of the author's assertion.

In this study, the research strategy and research design to which the author complied are elaborately and transparently described. The research questions, the unit of analysis, links between data and research questions as well as procedures for interpreting the findings (Yin, 2014) are implemented to ensure a rigorous research process.

Theoretical saturation is the point at which gradual learning is minimal because the investigators are observing phenomenon that have already been seen (Glaser & Strauss, 1967), and iterating between theory and data ends when the gradual improvement to theory is minimal (Eisenhardt, 1989). Eisenhardt recommends that the addition of new cases should cease when theoretical saturation is achieved, and it is not unusual for researchers to plan the number of cases up front. Yin (2014) argues that six to ten cases could be suitable within a multiple-case design. Similarly, Eisenhardt (1989) states that while there is no ideal number of cases, a number between four and ten cases usually works well, whereas with fewer than four cases, it is often difficult to generate theory with much complexity, and its empirical grounding is expected to be weak.

This research falls within the suggested range, with nine pre-planned cases. Towards the end of the data analysis, the status of gained insights was evaluated. As a result, deep insights and new knowledge about the examined phenomenon are accomplished and each research

question can be extensively answered. As such, the author has concluded that with more cases, only minimal further knowledge would be attained. Hence, theoretical saturation is achieved.

4 FINDINGS

4.1 Interview Data

After undertaking the data coding, data reduction and data display, the last step in the data analysis is to present the findings. The final element of an appropriate research approach (see subsection 3.3.1) is step (4), procedures for interpreting the findings (Yin, 2014). Guest et al. (2014) suggest that one approach is to structure the findings by the research topics or research questions, reviewing all themes associated with a set of questions asked of the participants. They argue that this approach is beneficial with the use of structural codes. In line with this approach, the Research Questions (RQs) and Detailed Research Questions (DRQs) structure the findings from the deductive qualitative analysis and emergent themes from the inductive qualitative analysis.

RQ 1: What are the reasons for the low levels of internationalization within the GPI, which consists mainly of SMEs?

DRQ 1.1: What are the key obstacles to expanding into foreign markets?

Findings: Personnel resource constraints occur in SME and MNE case firms. A lack of employees and internal experts to gather market information and implement an internationalization strategy exists in more committed involvements, for example, acquisitions and greenfield operations.

Alpha says: ‘We need someone who deals with it for a while and analyses the markets. We haven't had . . . [someone] . . . before. In small and medium-sized businesses like Alpha, this is the biggest hurdle, freeing someone here who takes the time and takes care of it’.

Epsilon states: ‘At the moment, we are excluding that [FDI] due mainly to personnel resources’.

Eta describes: 'It is relatively easy to first strategically determine the step, then really go into the implementation and then find the resources for it and the structure—that is, of course, a completely different story'.

Zeta outlines: 'Because, as a medium-sized company, we naturally do not have the human resources that a large company has—that means people who speak the national language, people who know the legal system, who know the political system—we are a bit limited. We limit ourselves to German- and English-speaking countries and only go to countries where you have a stable legal system'.

Epsilon and Alpha differentiate the need for **personnel with multilingual skills**.

Epsilon says: '... it is also difficult enough to get multilingual employees who do not only have German and English', and **Alpha** states: 'It is clear where we have to invest, these are the people. We need someone who speaks English. We need someone who speaks French ...'.

Another finding is the **language barrier** to internationalizing. Observations within the SME and MNE case firms and from an industry expert refer to this circumstance as well.

Alpha states: 'If you never have to speak English or French in the company, and someone comes along and says we need more exports, go ahead. Then we sit there and puff; my last English was on vacation a year ago. Holiday English only; you have to look around first'.

Iota maintains: 'So, yes, language is an issue, so the management should be able to speak English, that is very important. I know myself that for some medium-sized companies, this is an obstacle to even becoming internationally active because of this language problem'.

Industry Expert D says: 'Well, I think countries like Scandinavia are used to working internationally. (...) I think Germany is just so big that it is a big hurdle for many to actually do it in terms of language'.

Financial risk is a further obstacle to intensifying activities abroad. Two SME and MNE case firms make the observations.

Alpha outlines: '... the founder of the company banned deliveries abroad until 2014 (laughs); he was ... conceited ... we stick to our receivables, that was the only reason. ... two

customers paid sluggishly . . . that was a few thousand euros in the last 10 years. But that was enough for the owner to say, no, we only supply the German market. (. . .) The few customers we had abroad had to be released with a special permit; 10 years ago, we had an export quota of 5%, not even 3%’.

Delta maintains: ‘. . . my [production] line with the customer is a third full. That means I have to somehow find the same volume at least twice for it to pay off. And they're relatively small in the business. So, I can actually only dare to take such a step when I have a completely busy line. And we're not financially equipped to say, “I'll take the risk now”. I'll build a line that's a third full and then I'll see that I'm looking for more customers. We couldn't afford that at the moment’.

Eta reports: ‘So, we have to finance everything ourselves. Even if we belong to a group, we still have to see that we finance our own money. So, that means that every time we take on a foreign commitment, we take a risk’.

Theta says: ‘That is simply the assessment of market success. It's still more on the negative side, yes. So, the euphoria to say “Okay, let's go there and invest”, because the investment is simply from zero to 100, is simply too BIG in our industry; the margins are simply not there either, yes’.

In addition, **sociocultural differences** are obstacles to internationalization within the GPI. MNE case firms and the industry experts are more aware of this constraint because these firms have broader experience, due to presence in host countries, whereas all SMEs besides Eta engage exclusively in export activities.

Alpha, one out of two low-level internationalized SME case firms, outlines: ‘. . . what makes people tick. That is also very, very important; we had to learn that when we went to Switzerland [only export]. They speak almost like us, are not far away, but work completely differently’.

Delta reports: ‘On the other hand, people also believed that these companies that we were buying would be whipped up again. And then there were also massive cultural problems. In other words, you can't go through like a steam ship in a French company and believe that it

works the way it does in Austria and Hungary. You just have to have a feel for, yes, French conventions, of the people there . . .’.

Iota expresses: ‘There is a bit of a problem in Mexico right now, but that is more due to a customer, the structure of the country and the market and competitive structure there. To settle down there and build up a business as a newcomer against the background of—let me say—the culture that also prevails there, that's a bit more difficult’.

Expert D states: ‘So, also the cultures, other cultures, they [Germans] find that difficult. Right now, we always have it related to France, where it is extremely difficult. It is very difficult for the Germans to understand an American structure, and they cannot really empathise with it. . .’.

Theta says: ‘. . . You have to see another aspect, of course, when you look at the run-down sites in America: The German entrepreneur says, “Oh dear, what a rattrap”; the American says “Fine”, comes in and says “Yes, everything is lean”’.

Another finding is a **lack of expertise** to develop an internationalization strategy or to conduct the implementation.

Alpha states: ‘It is not, then, that we position ourselves in such a way that we are in another 10 countries, but that we pick out certain countries—but we don't yet know them. We approach a maximum of two countries and see what happens’.

Delta outlines: ‘But I also think that when you see how large corporations work, I mean, I've been here for three years, but there is also a lack of the appropriate know-how to carry out such an acquisition or to say that we are going to build a new plant in the USA. I wouldn't trust myself to do that at the moment, simply because of the lack of know-how’.

Expert L says: ‘And also, the question of whether companies of this size [SMEs] can acquire employees who are given internationalization as a task; or whether they [employees with expertise] would rather go to larger companies’.

For **Expert W**, **lack of market knowledge** is a barrier to GPI internationalization: ‘Companies are very much influenced by the development of the product. Very stuck in the depth of the product. You can wake people up at night, they'll pray everything down for you. But that's no

use if you don't understand the markets. (. . .) It's not about product details, but the market here needs this and that because the mechanisms are different'.

Moreover, **Alpha** claims a **lack of domestic assistance**, for example, from the chamber of commerce: 'We hardly get any information. We have now taken care of it ourselves. That was at the IHK [German chamber of commerce], an information event about foreign markets. But the bottom line was that it was just blah blah'.

Gamma notices **trade barriers** as drastic obstacles and says: 'The second biggest problem to deliver abroad, I would now say, is mostly also customs problems, that we keep encountering barriers that actually, in our eyes, make no sense at all, that are the same for years—our papers are also the same. And suddenly, we are tripped up again where we have problems, yes, which leads to delays. This is also a big problem for me'.

In addition, **Alpha** maintains that **limited information** is an obstacle: 'The biggest hurdle is . . . where do I make my contacts? Where do I get the addresses . . .'.

Eta states that **bureaucracy** is major hurdle to founding a subsidiary abroad: 'If I want to set up a subsidiary in France, for example, it is extremely time-consuming. So, the establishment of subsidiaries abroad is very difficult, especially in Europe, because afterwards it is linked to the tax law again. And you have to be very careful. So, I opened a subsidiary in Hong Kong two years ago. So, that cost us the paperwork. But that went relatively quickly. And that's what we have in Europe'.

Eta claims that they exclude founding a foreign operation, due to **know-how secrecy**: 'At the moment, that would not be possible because we live from our—we live extremely strongly from our know-how, from our own development, which we also try to protect, in the sense that we don't show them to anyone. (. . .) And that is at a different location, which we cannot control, where we don't have a lock on it all the time, I think, at the moment, I haven't seen how we can do it'.

Whether **transport costs** substantiate a barrier depends on the packaging type. There are limits to the distance that large-volume products, such as paper board, wooden pallets and metal cans—generally, most rigid packaging materials—can travel to the place of delivery and still be profitable.

Expert W says: 'As you can see, there are certainly suppliers in this area who have products that are simply not shipped across Germany or Europe, for logistical reasons'.

Expert L knows that a barrier to GPI internationalization is the **lack of managerial time**: 'That you just need people who take care of it [internationalization activities] and that is what companies of this size [SMEs] mean—the owners and the managing director are still very active in operational terms. So, there are certainly restrictions'.

Furthermore, **Expert L** states that family-owned GPI firms have an **aversion to delivering insights** into their financial standing. He argues: '(...) and how much information do I want to give to my bank, for example? So, that's an issue for many family businesses. That is certainly a limiting factor.

Expert D makes an observation about low levels of FDI activities in European countries: 'But it is really extremely rare that we have German companies that say, "Well, now we want to, let's say, set up a location in the top five countries in Europe, build a strategy for us on how to do it. Whether we do it directly or whether we buy something". That is extremely rare'.

This might be a particularity of Europe, where many neighbouring countries are around Germany, and it is rather in the centre of neighbouring-country markets, short distances from a dozen countries. Export can easily handle the supply of foreign European countries and cover many country markets. Then, the question arises of why the internationalization ratio of GPI firms is still at a low level. Consequently, the outlined obstacles are one component of identifying the reasons for the low internationalization levels within the GPI.

CON 1.1: Key obstacles for GPI internationalization are personnel resources, language barriers, financial risk, sociocultural differences and lack of expertise. Individual observations revealed further obstacles, including lack of market knowledge, limited information, lack of managerial time, transport costs, know-how secrecy, aversion to disclosing financial standing, as well as policy-related constraints, such as lack of domestic assistance, bureaucracy and trade barriers.

DRQ 1.2: Do managerial internationalization competencies exist?

As section 2.5 outlines, a key factor leading to performance enhancement in the internationalization process is the international experience and management exposure (Czinkota et al., 2004). The ability of the management to recognise and exploit opportunities largely depends on the senior managers' intentions, orientations, marketing capabilities and overall experience. Cultural background, formal education, international networks and experiences can influence managerial traits (Paul & Rosado-Serrano, 2019), as well as an individual global mindset with the aptitude to accept the diversity of cultures and markets (Felício et al., 2016). Previous studies identify family-owned firms as risk-averse and more reluctant to network with other firms (Kontinen & Ojala, 2011).

Findings: All examined firms have a long history as family-owned enterprises. However, in seven firms and in two firms associated with a new ownership structure, external managers took over leadership.

Alpha

Alpha is an SME that had an internationalization ratio of about 3% for as long as the founder was the CEO of the firm, having run the business for more than 50 years. With new owners and managers, the current internationalization ratio is 20%.

Alpha outlines: 'He [founder] was a technician, learned and worked in a company here in XY (city), rose to the position of operations manager and then went into business for himself in 1962, founding the company, Alpha, in his garage. Three years later, he bought the first film extruder, and a few years later the first printing machine'.

The founder sold the company in 2014 to two external individuals, one with an international background.

Alpha states: 'We are a family business. A lot has happened in the last 5 years. In April 2014, the founder of the company, who founded Alpha 55 years ago, decided at the age of 83 to sell the company after all. Did that too. (. . .) One of the partners was the managing director of a large global company. (. . .) The other one was a good friend of him who worked in the banking sector . . . '.

Since then, the internationalization ratio has risen to 20%, and Alpha is considering more investment in personnel related to language skills and research and development efforts, aiming to enhance business activities abroad.

Alpha claims: 'In 2020, we have set ourselves the goal of becoming active ourselves. We also have a lady with us who speaks good English and who also knows French, not explicitly only there for export, but as a goal'.

The co-CEO and former Sales Director of Alpha undertook part-time studies that influenced his willingness to boost internationalization, but he was restrained by the founder.

He says: '... If you notice your fellow students when they tell you that they are flying to the factory in Australia or to Mexico for two weeks, and you sit at Alpha and think to yourself, we are actually too small, but why not? That was exactly the topic because I came up with a lot of ideas like that and they always fell on deaf ears; then, I wanted to change at some point'.

He resigned and came back in 2014 when Alpha was sold to new owners. One year ago, he became the second shareholder and co-CEO.

Alpha: 'Exactly. I started there when I was 16 and completed my training. I was allowed to do various schools, which the company supported. Then I finished my studies. This was dual. Then there was a little dispute between me and the owner [founder] at the time. The main topic was export. I saw it a little differently, but of course I had to lose. Then, I also quit and was gone for 6 months. In April 2014, the company was sold, and then I came back again and joined as a managing partner last year'.

With the new management, the business focuses more on activities abroad. Alpha is willing, proactively building resources, preparing to intensify activities abroad and aware of sociocultural differences. On the other hand, the management has no elaborate strategy. Therefore, **moderate managerial internationalization competencies are present.**

Gamma

Gamma is a family-owned SME, founded in the 1970s and family-managed for over 40 years. The longstanding sales manager became CEO in 2015.

Gamma replies to the question about the owner and leadership structure: 'So, we are a family business with two partners, father and son. And I am the only managing director, so external managing director, worked as a sales representative, then as an authorized signatory and now as managing director. (. . .) I have also gained experience abroad, mainly Scandinavia, Benelux. (. . .) [since when CEO?] . . . let's say, I think it's 5 years now'.

Regarding their export activities, Gamma says: 'However, we have strengthened the whole thing, I want to say that it was probably 10 years ago that we did all of the international business with what I said, i.e. Switzerland, Austria, Benelux and Scandinavia, that we expanded it more. Yes. (. . .) But you also have to be very clear that they only became more active 10 years ago; in other words, that we also showed up at international trade fairs and, as a result, I say, were also able to record successes'.

Gamma's sole activities abroad relate to export, mainly to German-speaking neighbouring countries, based on trade-fair participation.

Moderate managerial internationalization competencies likely exist.

Epsilon

Epsilon's CEO joined the family-owned SME 18 years ago and stepped up as CEO 15 ago.

Epsilon states: '(. . .) I am a co-owner; I am also a minority shareholder . . . For 20, yes, 15 years; . . . I actually come from the industry. But I did that on continuation education. That means, my career is—I have—I am a trained packaging mechanic and then gained the qualification through further training and before I—so between my technician and the start at Epsilon, I had a year abroad'.

The CEO is convinced that with an international background, there is a lower language barrier, and decision-makers are more open-minded.

Epsilon says: ' . . . it's completely cross-sector, if the decision-makers, I say, whether they are owners or managing directors. When corporate leaders have international experience and have no inhibitions, especially not linguistically, that is always an advantage. Always. And it will always lead to a lot— one acts more openly, so to speak'.

Epsilon is very successful in its cross-border activities and has reached an internationalization ratio of 65%. **Managerial internationalization competencies appear to exist.**

Eta

Eta was a family-run SME until 2017 when it was sold, and an external CEO was installed. Eta says: 'The company I am now running was family-owned until three years ago. Has now been sold'. The current CEO has a broad international background in different industries.

Eta maintains: 'And as a result, I am now, yes, an external manager. . . . I am Belgian myself, so I came to Germany, worked there in an international group with 46 subsidiaries and am actually, yes, already international per se, also through my training with an MBA and so on'.

The former family-manger and owner adapted the business model from paper bags to the luxury segment of bags, with markets mainly abroad. Today, the internationalization ratio is 90%, and the current CEO has a proven international background with a high level of formal education; **managerial internationalization competencies are evident.**

Beta

Beta is a family-run SME founded over 50 years ago. The second generation took over 17 years ago, and both family-managers graduated.

Beta says: 'So, we are in the second generation. My father built that up with his brother and it was then passed on to the second generation. (. . .) That was within 5 years. We are now almost 50 years old, that is, my father built it up in the first generation for 40 years'.

Beta has the lowest level of internationalization, with a ratio of 5%. The co-CEO maintains that the transport costs are critical, and the exporting distance should not exceed 250 km to

remain profitable. Hence, an FDI could be an option for expanding business abroad. He claims: 'That means, we would have financial possibilities or there would be enough possibilities to get money. Then, it is more . . . that the attractiveness is simply missing'.

Furthermore, Beta outlines: 'And we are now less afraid of going abroad than that, yes, it is more about the synergy effects in order to take the next step'.

Beta does not seem averse to internationalizing its business, but due to the packaging type (wooden pallets), it must limit exporting to a periphery of about 250 kilometres. A next step would require a higher engagement than most other GPI SMEs (e.g., flexible packaging), which could expand export with a lower level of capital expenditures. Furthermore, the former and present management have no international background.

Beta replied to the question of whether the founder had worked or lived abroad: 'No. No. No no. Clearly no'.

Hence, presumably, **only a few managerial internationalization competencies exist.**

Theta

Theta is a family-owned MNE, founded in the 1950s and very active abroad, with several entry modes of internationalization. Theta's top management has a broad international background, and all are non-family managers. In addition, the interviewed CSO lived overseas for many years, in several managerial roles within packaging MNEs.

Related to the ownership structure and top managers' international background, Theta responds: 'Yes, well, the ownership structure is still family, which now lives completely abroad according to the current (laughs) structure. And, well, managers, here we have, well, a mixture of German and European in top management and also very international at the second level. (. . .) [Top management: previous roles international?] Without exception, yes'.

Theta made its first FDI 9 years after inception, and the current internationalization ratio is 58%. Theta says: 'I think that [start of internationalization] was from the early days. So, the

founder himself has started, of course, to participate and grow in the closer European foreign countries’.

Asked about the need for sociocultural competencies, Theta answered: ‘(. . .) I also experienced that when I went to the Netherlands for "N". We're talking about 100 kilometres across the border and you have a COMPLETELY different culture. Things that are not bad just because they are different, you just have to understand and accept them. And then you can also assess the risk much better if you are responsible, in order to also make such decisions, to open a location abroad or to buy a company—or, at least once, that might be the first step to even open a sales office in such a country’.

Managerial internationalization competencies are evidently present, with a high awareness of cultural differences.

Iota

Iota is a family-owned MNE, with a non-family CEO who has been with the company for over 30 years. Iota has an internationalization ratio of 36%, with FDIs in Europe and overseas.

Asked about the owners, Iota says: ‘The ownership structure is such that the company is owned by the third generation of the Iota family, with four owners. So, today, there are five shareholders: one second-generation and four third-generation’.

Iota replied to the question about the CEO’s work history and education: ‘Well, I’ve been with the company for 35 years, 36 years now, 37 years, exactly, in the company, and CEO for 20 years. My career is: I graduated from high school, trained as an industrial clerk here in the company and then three years in sales, field service. Then I went to a management training program in the USA for the paper industry. Then I studied at a business school in the USA for two years and did my bachelor's degree there in, yes, business administration, you would say that today, and management. And then came back and yes, basically did a few trainings: St Gallen Institute, yes, what you just do’.

Presumably, **managerial internationalization competencies exist.**

Zeta

Zeta is a family-managed MNE with a great heritage of over 400 years of company history. The internationalization ratio is 36% overall and 45% in the glass division, mainly driven by exports on a global scale. Regarding the question about the ownership structure, Zeta states: 'Yes, we have two shareholders. I am one of them. Each holds 50% of the shares. And we are both active in the management of almost all companies. Only have an external manager in our logistics'.

Zeta refers to the international background: '(...) So, yes. We worked abroad (...) And let me say, our next big growth step will certainly be abroad again'. They were engaged in a joint venture in South Africa and divested 7 years later; Zeta has a subsidiary in Slovakia and several operations in Germany. They left engagement in South Africa, due to the degree of control within the joint venture. A propensity for future FDI exists.

Zeta states: 'Joint venture, yes. So, there it is always—because you just said it, the question is, how much influence do you have in the joint venture? So, if I'm always only the junior partner and the larger partner then decides everything alone, then that would be a restriction for us, where we say we don't do it. So, at least then, we want equal participation, that each partner is half involved'.

Hence, Zeta indicates that the firm did not give up the joint venture due to Zeta's mismanagement. **Moderate managerial internationalization competencies appear to exist.**

Delta

Founded over 100 years ago, Delta is a family-owned MNE with external management and an internationalization ratio of 42%. The current CEO outlines: '... We are a family business. ... six shareholders. These shareholders inherited the company and for, ah, for two or three decades now, the company has always been run by external managers'.

Delta's CEO answers the question about his background: 'I am a mechanical engineer and previously worked in medium-sized American corporations, American or Australian. (...) Yes. And then, at some point, I decided to get out of the large corporation and into the rough

waters of the medium-sized company'. Asked about FDI activities, the current CEO says: 'The strategy was made by my predecessor. (. . .) But it was—I also think because the know-how was missing here, it was way, way too positive. And there were also significant deficiencies in the due diligence'.

Related to the question about upcoming FDIs, Zeta outlines: 'Yes, a burnt child dreads the fire. I mean, the Delta story hasn't been particularly successful in the last 20 years, because they also built a plant in Russia and closed it again. And there, they made a major mistake. The market has not been properly analysed'.

Delta split up with the prior CEO, whom documentary information reveals as having had an impressive international career background and an MBA degree. On the other hand, one is not immune from management mistakes.

The outlined criteria for the existence of managerial internationalization competencies indicate that the former and current CEO affirmatively match them.

Industry Expert D provided insight about GPI managers regarding **sociocultural competencies** and **network** activities.

Expert D states: '(. . .) other cultures. They find that difficult. Right now, we always have it related to France, where it is extremely difficult. It is very difficult for the Germans to understand an American structure [as well], and they cannot really empathise with it (. . .) [intercultural competence]. Now, mostly [it] is really not there at all, I would say. (. . .) But in the last 2 years, I have less insight into it. But I don't think that much has changed. If I now, let's say, look at a classic packaging engineer who has graduated from university, the percentage is maybe 20% who have international experience after graduation. I think that says it all. (. . .) Most of them want to stay here [Germany] too. It's completely different in the Netherlands. They have all been abroad or are going to Germany or Spain, to Portugal. (. . .) But the Germans simply stay in Germany because the market is, of course, big enough'.

Expert D maintains about networks: 'And networks, let's see, for example, I'm pretty active on Xing. The packaging industry is more active in the Xing area and not very much in LinkedIn.

(. . .) Well, that says it all. If I look at an IT industry now, they hardly do anything in Xing anymore. That's all on LinkedIn. (. . .) Because they just think internationally. (. . .) International trade fairs are in Germany. But if I go to the—Where were we now? We are currently looking after them here. The “All4Pack” [packaging trade fair] in Paris, the former “Emballge”. There are almost no German exhibitors. (. . .) & Where I think, that can't be. (. . .) France is the second largest market in Europe and all of the Germans . . . were not even there. Not even as a visitor'.

CON 1.2: There is a demonstrative indication that managerial internationalization competencies in GPI firms relate to the firm's internationalization level (see Table 4.1). Besides, four out of five SME case firms are limited to export; more intensive market-entry modes would require more sophisticated managerial considerations. In addition, the case firms show no evidence of relevant personal or organisational international networks. In addition, the illustration from Industry Expert D suggests low levels of international networks within the GPI.

Size category	SME					MNE			
Internationalization ratio	20%	25%	65%	90%	5%	58%	36%	36%	42%
Case firm	Alpha	Gamma	Epsilon	Eta	Beta	Theta	Iota	Zeta	Delta
Managerial internationalization competencies	moderate	moderate	extensive	extensive	low	extensive	extensive	moderate	extensive

Table 4.1 Managerial internationalization competencies.

DRQ 1.3: What policy measures would support the GPI's internationalization process?

Experience with domestic policy measures

Asked about **Alpha's** experience with policy measures, for example, from the chamber of commerce, to support activities abroad, Alpha responds: 'We hardly get any information. We have now taken care of it ourselves. That was at the IHK [chamber of commerce], an

information event about foreign markets. But the bottom line was that it was just blah blah. So far it has not worked for us’.

Beta responds to whether they approached a chamber of commerce: ‘It was also about the purchasing department and then about an eastern country (...) That then petered out because the contacts we got there were not enduring’.

Delta says: ‘Well, I think where we see opportunities, we are active ourselves. So, we’re not relying on other organisations’. (...) [Have you received any support here in the past?] (...) I myself have had no contact with the chamber of commerce in the past three years. (...) In all honesty, you bring me up to date (laughs) ... haven’t thought about it yet’.

Eta reports: ‘Yes, cooperation partners ... that is such a topic. (...) especially from the chambers of commerce, there are also these offers to find these, yes, cooperation partners. But that was not fruitful so far. (...) As for the whole topic ... aid money ... is extremely difficult, it is ... tied to so many criteria that you still do not get ... it. (...) So that’s where I do my research, but in the end you’re mostly alone’.

Experience with policy measures in host countries

Expert D states: ‘That’s the French chamber of commerce. Because we also look after the trade fair ... “All4Pack”. But it’s very, very, very, very sluggish. So, from the point where something costs money, then it gets difficult anyway’.

Expert L says: ‘... where you want to go, you tend to have open doors—We saw that in China. We thought about going to China, for example. And since it was relatively easy to get appointments with some district government—So, that’s for sure. During my time at “H”, we went to America [USA], so it was also the case that at least the county there, that they are trying hard’.

Iota refers to this topic: ‘Yes, we have worked together with the IHK [chamber of commerce] abroad. There are actually in all foreign countries—or especially in the Czech Republic, that was very important at the beginning. There was a German chamber of commerce and industry representation, where there was a very lively exchange, where you could get very good

information if you had any questions. So, to that extent, we have already used it, but that does not have a very large part in the strategy’.

Theta outlines: ‘So, the experience is that it is actually more local [host country] chambers of commerce or agencies, although I am now looking at the USA, naturally want to promote their location and then just offer certain incentives. But of course, they are linked to minimum investments, minimum number of employees and so on. What is difficult for many to implement at the beginning, no. Especially when you are thinking about a greenfield or even when you are doing an acquisition, then immediately saying "I have to recruit 50 people" is usually not actionable in reality. And so, of course, for a company of our size, it is more feasible to make an acquisition and buy it [compared to a greenfield operation]’.

Proactive approaches of promotional institutions

Alpha: ‘I have to say again that we haven't really bothered about it yet and, therefore, cannot judge others. I can only say, for example, last year nobody came up to us and said, “hey ALPHA, which markets are you in?”—in principle, the kind of questions you are currently asking me. They then say we have a concept, take a look at that. (. . .) cost you so and so much a year, when it becomes something and take a look at it. This offer—for whatever reason—was not yet available’.

Gamma says: ‘No. So, neither nor. Nobody approached us, nor did we ask for support. And so far, it has not even happened to us. No’.

Beta outlines a different stance: ‘(No) it is usually the case that if we want to go in this direction, then we actively take care of it ourselves and see: What offers are there? The unsolicited addressing is rather distracting in the day-to-day business’.

Needed support measures

Alpha: ‘(. . .) The biggest hurdle is to design the model, where do I start, how do I approach it, the topic. (. . .) Which market is the right one? What is going on there, what are the

requirements? What can be the big win? So, for the small medium-sized company like ALPHA, it is difficult to get an overview of which markets are attractive’.

Theta suggests: ‘Yes, I think it would, of course, help if the chambers of commerce were a little more active here, yes, and would really offer models where you can invest well, much more customer-specific approach to companies and not commonplaces’.

Political conditions

Delta: ‘But what for us, when it comes to barriers or such issues, what are—the trade barriers that are now emerging are a disaster’.

Epsilon: ‘All measures that reduce national restrictions, by which I mean, above all, customs, that is, a customs agreement with Switzerland or Norway, for example, to name only the neighbouring countries, would, of course, be a great advantage for us because that is a corresponding effort every time’.

Epsilon: ‘One of the ongoing topics is demographic trend. In other words, we have great problems getting young people enthusiastic about the jobs that we urgently need, especially in technology because that's not that sexy and that's three shifts. And because it's loud and dirty and . . . not comparable to earlier times . . . but nevertheless it is not . . . a job on the PC . . . finding the junior staff, qualified employees, is a major challenge’.

Epsilon: ‘And the other big challenge is, of course, the increasing requirements, which, of course, also have something to do with sustainability—single-use plastics directive of the EU. But also . . . the specifications for the conformities . . . all restrictions or all specifications that deal with the conformity with food law are sometimes difficult to implement, don't make life easier for us. (. . .) So, these are always challenges that we have. So, at the moment, the political framework’.

Epsilon: ‘So, we need products that in a few years will no longer be swimming around or lying around but will disappear. And we can turn ourselves upside down . . . [the German population is] . . . a good percentage of the world's population. That means that the main part

is consumed and disposed of elsewhere, and the argument is simply there. That is a fact. (. . .) You have to see it internationally’.

Expert D: ‘And countries like the Netherlands, of course, love internationality. So, I have a partner in the Netherlands who supports or does the HR departments for me. Internationality is loved in the Netherlands. As a child, all you need to do is turn on the television. There is no station in Dutch. It's all in German with maybe subtitles. And in English with subtitles’.

Expert W: ‘You have now brought up chambers of commerce and that sort of thing, that is a difficult subject; the other is associations. Association of the plastics industry, association of the folding-box industry, association of the here and there, which, of course, all have to represent the interests of these member companies. These associations have to represent these interests partly against better knowledge and that stands a bit in the way. (. . .) Here is the plastics industry, in my opinion, that hasn't done its homework. They always just said we needed plastic but never managed to find something. They sent their rubbish to China. Let's sum it up: we don't need plastic packaging in the environment. What is being discussed now is that they haven't done their homework. That is up to the association’.

Expert W: ‘What is really missing is an association for the packaging industry. [The association system in the packaging industry is very fragmented] . . . What remains in the public perception: Plastic is bad, glass is bad. We don't need packaging. (. . .) there was already the beginning . . . that packaging is not an end in itself. It has always been about the preservation and transport of food, and there are different materials for this, you have to think about it in a more differentiated way, which is, unfortunately, often lost today’.

Zeta: ‘So, I mean, what we still have as assets in Germany is the employees and the know-how. And we're good at that. And there we can also manufacture things here that we can then sell at a reasonable price. But if you are one of the mass manufacturers or energy-intensive companies today, then that is completely different. Then you have to go where the frame conditions fit. And they will no longer fit in Germany in the future. Because if we continue to pursue our climate strategy, there will be no more energy-intensive companies in Germany. And that includes not only glass, but also plastic.’

CON 1.3: Most companies are missing more support from promotional institutions like the chamber of commerce. General information about foreign markets is not sufficient to support GPI SMEs for internationalization. Some supporting activities have been observed, but these initiatives are not permanent or long-lasting. Supporting activities may not be seen as a one-time practice, for instance an information event; it is a process and firms need sustained involvement.

More positive evidence adheres to support measures in host countries, which mainly come to action if firms think about advanced market-entry modes, such as greenfield investments. On the other hand, even GPI MNEs avoid this entry mode, due to the high capital expenditures in combination with host countries' requirements (e.g., minimum headcounts) if support measures, such as temporary tax cuts, are in place.

Relative to policy measures on federal and supranational levels, trade-barrier policies needing improvement include particularly customs, support to find junior staff and qualified employees due to the demographic trend, stimuli to enhance internationality (e.g., staying abroad) and reduction of bureaucracy, especially for company formation and simplification of specifications for conformities.

Finally, policy measures in the home country on the firm level are those most in demand. Besides, the findings of DRQ 1.1 and DRQ 1.2 reveal that GPI SMEs have personnel constraints, lack of language skills, shortfalls in sociocultural competencies, lack of managerial time and amendable managerial internationalization competencies. Therefore, firm-specific policy measures should assist in the choice of strategy to guide the senior management, training the managers and executing practical tasks of the internationalization process (e.g., market evaluation, identifying appropriate business partners). These measures, along with the encouragement of networking and greater cooperation enhance GPI SME aptitudes that ensure competitive advantage.

RQ 2: What are the internationalization motives of GPI SMEs?

DRQ 2.1: What are the proactive and reactive internationalization motives of GPI SMEs?

Follow-the-customer

Alpha: 'There are three customers, a very large customer of ours who is positioned across Europe. That is why we deliver to various plants, including in France. (. . .) We do not have a fixed customer base there from various medium-sized companies that we supply there. That grew out of history. This customer has different locations, for example, in the Czech Republic, where we also supply.'

Beta: 'These are customers . . . whom we know, I would say, from around us, who then have different plants. Among other things, a plant is further away, for example, where we are then asked about it and then come to a delivery'.

Theta: 'That certainly depends on the company and the customer structure. But basically, when you get involved with multinational customers, at some point you automatically need to position yourself internationally. Because that is, quite simply, the requirement. These companies operate internationally, and they want . . . [their preliminary products] . . . also internationally. That was the very clear reason for "N" at the time. "P" said, "Folks, you have to come to North America. Here is the property, we've already chosen you, you can get it for a dollar. Done". And at Theta, it was certainly not much different, even if we did not get the property as a gift but made an acquisition. But basically, it was exactly the same topic that the customer, in this case "P", wanted us to be able to offer and manufacture internationally, therefore, also the locations in the USA, Egypt and ultimately China'.

Iota: 'We are not a niche provider; we swim with the big ones. And most of our customers or traditional customers have internationalized themselves. These are the big, yes, branded companies in the food and beverage industry, who have a large share in us. And they almost indirectly forced us to go abroad because they clearly state that they only want to work with international suppliers. They are further consolidating their supplier base and aligning them with international criteria. And those who cannot go with them are usually no longer there as business partners and have to look for other businesses'.

Expert L: 'And the big customers tend to be more international, of course, have production plants abroad, and this can sometimes create the pull or the compulsion to go abroad without a long-term strategic decision behind it, right? (. . .) to what extent you can survive as a supplier if you are not in a position to also serve foreign locations, because . . . with the large customers, there is already a reduction [of the] number [of] suppliers, standardisation, and products that are as uniform as possible to ship uniformly, and so on'.

Market-seeking

Alpha: 'Yes, we ourselves were active in the Austrian and Swiss markets and, due to the lack of competition, we spread out there and also worked well. We went from an export quota of 10% in the last three years to 20%'.

Gamma: 'But we just noticed that there is more possible for us abroad, that the whole business can also be expanded, and that is why we have invested more energy in all of this'.

Epsilon: 'The reason for our company lies in the niche products that we manufacture, for which the market in Germany would be too small'.

Eta: 'Well, we're a bit of an outsider in . . . the packaging industry. Because we really—yes, serve exotic luxury customers. And they actually only exist in France, Italy and so on. There are a few in Germany. That means that if we had not internationalized, we would no longer exist today'.

Iota: 'Internationalization has, of course, also led us to markets in which the need for packaging has grown extremely over the last 20 years, if you look at the per capita consumption. That means we were able to participate in the growth markets and were not only exposed to the competition in a market in Germany that is actually only growing slightly'.

Profit advantage

Delta: '...we can actually only grow if we buy something and go international. I don't think that was fundamentally a wrong strategy [initiated by former CEO]. Because we also have customers, we have "A", "P", the "SC", all of whom operate internationally, and which can then be served with a larger portfolio'.

Epsilon: 'We are very active in the food packaging sector. That means, we supply the food retail trade and ... the price pressure and the low level of product processing is extreme in Germany. This means that abroad, we can sell significantly higher processed products at better prices'.

Saturated home market

Delta: 'With a market share of 60%, it is very difficult for us to continue growing. We are actually the point of attack. Everyone tries to dig up volume from us'.

Theta: 'Yes, and of course you have to see ... that this may not be that serious for a smaller company but, given our size, we are ... in some areas ... already [at] 70% market share. Then you can only grow rarely, but you will not get 100%. And then you can really only adjust to a defensive position. And then you have to think outside the box'.

Zeta: 'Well, we can only grow if we internationalize. At our locations, we are now also restricted when it comes to German customers. So, at some point, you know everyone and either you deliver, or you don't deliver. If you want to grow, you have to go abroad. (...) It also applies domestically. In Germany, we want to grow this 2, 3% with the market. It is not enough for us. Clear. Of course, we also want to generate growth beyond that'.

Excessive capacity, proximity to foreign customers and unsolicited orders

Alpha: 'We bought a new extruder this year. It has already been set up, Alpha extrudes 5,500 tonnes, this extruder alone makes 1,000 tonnes, which means that we have almost 20% volume here and do not need it (no capacity utilisation). And that's sad when you have a

brand-new extruder in the corner, and it would like to run. That is, of course, the intention behind it, that we're expanding that [doing business] . . . And sometimes, I catch myself bending the rules. We pocket the 20 or 50 tonnes; the main thing is that the extruder is running. That has never happened before. So the competition has become tougher'.

Alpha, about a request from a neighbouring country: ' . . . Suddenly, it becomes independent, and one customer says, "I know Alpha, you are not far away, about 3 hours away, then make me the offer"'.

Gamma: 'Well, it was just that we had more recommendations, more contacts through our homepage or recommendations that made us more active, also very successfully, because we noticed that the set-up, how we are just set up, which is still very, very seldom given to companies in Europe'.

CON 2.1: There is evidence that 'follow-the-customer' and 'market-seeking' are key motives of internationalization within the GPI. Generally, 'follow-the-customer' is a mixed motive that contains proactive as well as reactive impetus. Within the GPI, this motive frequently relates to the urge of internationalized customers, such as brand owners of consumer goods. Essentially, the customers set the initiative and not the suppliers (GPI); therefore, the motive in this context is a more reactive one.

The proactive motive of 'market-seeking' appears in each SME case firm, though the high competition on price within the domestic market might affect this motive. The proactive motive 'profit advantage' appears in only one SME case firm that is highly internationalized. In contrast, reactive motives are especially evident within the two low-internationalized SME case firms—for instance, excess capacity, proximity to foreign customers and unsolicited orders. Furthermore, the reactive motive 'saturated domestic markets' completely relates to the MNE case firms, which, in turn, makes sense, due to the market-leading positions of the MNE firms within their product categories.

DRQ 2.2: How does the sustainability movement affect the GPI?

Disruptive challenges

Expert R refers to the most important challenges for the GPI and the public perception of packaging. He states: 'In our report from 2012, we were dealing with evolutionary trends. Disruption has a different logic; processes are changed with an event. In my opinion, the two most important disruptive challenges for the packaging industry today are digitisation—digital transformation and sustainability. (...) Today, packaging is perceived as waste, keyword "ocean littering". Gone are the days of authoritarian communication in the market. NGOs are more intellectual and more intelligent. The pressure from social media and NGOs will increase as long as we don't close the loops [circular economy].

Epsilon says: 'The sustainability debate means that very, very many new developments come onto the market'.

Customers' perception of packaging and demands on the case firms

Alpha: 'The customer says, "If nothing happens [a minimum of post-consumer recycled content in the packaging material] by 2022, or better still 2021, then we have to look around [for a new supplier]". But we're also well positioned here; the first tests are already underway. But these conversations really do exist. Here we are forced to participate somehow, in order to develop further'.

Beta: 'Our product is sustainable because it contains sustainable raw materials. The wood, I would say, rather benefits from this topic. And our local approach, our local supply approach with several plants, would play a positive role in this ...'.

Delta: '[Impact of sustainability trend?] Almost not at all. So metal is ... actually a great product for sustainability because it can be recycled. ... theoretically, you can make a can out of a can. In this respect ... the properties of the product (are) ... very positive'.

Eta: 'Sustainability is a fundamental topic for us ... where we are also extremely challenged by our customers to always find new solutions ... so that the products become more

sustainable (. . .) or the . . . transport route, logistics and so on (. . .) because solutions must be found . . . that are more sustainable than they are today’.

Gamma: ‘. . . many customers just wanted a recyclable material. However, we have also changed a bit; that is, we also have paper composites, we have functional papers, cellulose films, biodegradable films. Well, we've already changed the portfolio a bit, that's very clear, because the needs of our customers or the requests are simply there’.

Iota: ‘[Sustainability] . . . has become increasingly more important to many of our customers at home and abroad. (. . .) [Impact of sustainability trend?] Positive. . . Well, corrugated cardboard packaging is a circular product. And today, we are already superior to many other types of packaging because we have a very high level of recycling and reuse’.

Zeta: ‘. . . of course, we noticed that many customers are suddenly switching to other packaging materials. The [beverage] can, for example, is also a big winner. Yes. And so every packaging material has its advantages and disadvantages. (. . .) [Did you then perceive that as positive for your glass division?] Yes’.

R&D efforts of the case firms

In conjunction with R&D efforts, **Alpha** maintains: ‘. . . Yes, there have been two people [R&D] since January. The two are now not only assigned to development . . . but the two of them take care of it and oversee all projects. This means that the whole thing no longer runs alongside in sales [department]. This is the first step in that direction’.

In addition, **Epsilon** claims: ‘I would say that the pace of product changes and developments is at least 20 times faster than it was 10 years ago. And the trend is increasing. So, we are currently developing products on a weekly basis. (. . .) these are then real new product groups that we have developed there. But all the changes we're making to existing products are incredible. So, we are currently testing something new almost every day. (. . .) That means that R&D . . . in our company . . . did not come . . . because we saw the only chance, but a necessity arose from the fact that we differentiate ourselves. And we've learned . . . by doing

it, it's actually not a bad thing. That's why we now have six engineers in this department who do nothing but think about technical things all day'.

Effects on case firm's strategy, business model and product portfolio

Asked about the influence on the business strategy, **Alpha** says: 'We have realigned the strategy for Alpha for the next 5 years. We then realised that there would be a direction [sustainability]. It may not come back as unobjectively as it used to be [after Covid-19 pandemic subsides]. The bottom line is, whether it will be this year, next year or the year after that, it will flare up again [discussion about sustainability]. We use this time now. That's why we said we'd tackle it now with the two of them [two R&D employees]'.

Iota: 'One of our core ideas in dealing with markets and customers is always the optimisation of packaging in order to optimise the proportion of material and to optimise the logistics chains. And of course, if we go to the CO₂ level, of course, to significantly reduce CO₂ consumption or CO₂ emissions. The subject of packaging optimisation is actually at the core of our consulting strategy. We are currently dealing with disruptive changes in the packaging industry'.

Theta: 'That is quite significant [impact of sustainability trend], I would say. So, with us, too, things are running at full speed in various directions. Primarily, of course, very much with the usual down-gauging, but also adjustment of recipes [to manufacture better recyclable plastic films] . . . but also with other packaging concepts. Be that now . . . [plastic] flexible packaging has been replaced and, of course, the recycling of products has recently been increasing . . . But, of course, these are hugely important subjects'.

CON 2.2: The sustainability trend affects the GPI, primarily in the form of customers who demand better recyclable packaging of biodegradable, renewable or higher postconsumer recycled-content material.

Some case firms adapt their product portfolio, increase their R&D resources or adapt their business strategy. All case firms within the flexible-packaging segments show evidence of

these interventions. In one of these case firms, the development of new products and whole product groups accelerated tremendously, compared to 10 years ago. This export-oriented SME invests in R&D resources and is successful with niche products for the food industry. Another flexible-plastic product SME adapts the product portfolio, and a GPI MNE that produces flexible-plastic packaging describes the huge impact on the product programme that results in new packaging concepts.

GPI firms that produce plastic packaging experience more effects than firms with packaging types that end consumers consider more sustainable, such as paper, corrugated cardboard, wood, glass and metal. However, most of the case firms make efforts to improve their products' eco-balance and perceive the severe customer demands for sustainable packaging.

DRQ 2.3: How do industry factors influence GPI's internationalization activities?

Competition

Alpha: 'We notice it is getting more and more aggressive. Ten years ago, they talked about price renegotiations of 3 or 5%, when the customer said, "I don't really want to change, look again at your offer and give us 3% or a discount of 1% more, then we can handle it". It is now increasingly common for long-standing customers to call and say, "I'm really sorry, but we have a price difference of 20% and we buy in Germany"'.

Beta: "This is classic cutthroat competition, where you can only win shares if you offer better quality or, as a rule, price is a competitive feature. [Are foreign suppliers pushing into the German market?] No, that's pretty stable, but there is definitely competition from abroad'.

Delta: 'So . . . the German market is extremely competitive. The European market can be said (. . .) Just because . . . it's medium-sized [packaging manufacturers]. (. . .) But at the same time, you have consolidation on the customer side and also on the supplier side. . . . you're pretty much in a sandwich position here. And we have excess capacities everywhere. . . . The market is extremely competitive'.

Epsilon: 'The German market, as you can see in the success; ultimately, the German discounters, for example, export their business models to other countries, are usually very

successful there and cause big problems for the top dogs in these countries. (. . .) the Spanish supermarkets have a problem with the discounters from Germany. And that already has a very, very strong influence on the structure in Germany. That means that we have less demand for these niche products . . .’

Epsilon: ‘ . . . So, this development of products . . . was in principle an entrepreneurial necessity. Because the other places in the market as price leader or volume leader . . . were already taken’.

Iota: ‘So, we have a very high level of competition in Germany. This is the most competitive market in Europe and is also likely to have the lowest rate of return’.

The type of packaging and the served end-market

Expert D: ‘Of course, that also depends on the machines, they are much smaller, they are more flexible [label manufacturers]. That's a lot more knowledge and know-how. In the corrugated board segment . . . the machine is in the foreground. [The label manufacturer puts] . . . the machines in the truck . . . to another country and continues to produce . . . there’.

Zeta: ‘So, the technology can be bought all over the world for the glass business. The difference between glass and plastic is that glass is very investment-intensive, and if you want to manufacture efficiently today, you have to set up a large system. And that means that you are then tied to a location where you manufacture a great deal. In the plastics sector, you simply buy an off-the-shelf machine, and then you can put it somewhere. And with it you can also cover smaller volumes. That is why internationalization is not so advanced in the plastics sector. You go more with a local supplier [rigid plastic packaging]. Technology is available everywhere. The know-how in the plastics sector [rigid plastic] is also not as crucial as in the glass sector, and you then have . . . a machine near your customers and manufacture there. In the glass area, I said, it is more central. A lot of know-how is necessary, and you concentrate the know-how in one place’.

Expert D outlines how different subsectors within the customer base are; he says: ‘So, I think that's exciting again, because generally in our industry the product categories tick completely

differently. Let's say label manufacturers, when they are a little bigger, they are all international. So, the three or four big ones, they have been somehow international for fifteen years, because . . . those in particular then look after the big brand manufacturers who are also international, and then also say, "Yes, we now need a plant in South Africa", and there they have to set up a plant in South Africa within 6 months. It is very extreme there. In the corrugated-cardboard sector, the complete opposite. Somehow, they think, let's say, their 200 kilometres around the plant. And if there is a border, then maybe they go a little more into the Netherlands or . . . into Switzerland. But it is normal that they tend to think regionally. So, that's just the big issue in the industry, that they simply act extremely differently. When I'm in the food sector now, they rarely think internationally, because the food market also ticks nationally. When I'm in the cosmetics sector, everything is international, or in the pharmaceutical sector. Well, that depends on the markets that are covered a bit.

Delta: [Are there product developments that stimulate the market or force competitors to follow?] 'No. So that's extremely conservative [the metal packaging sector] . . . '.

Countermeasures to high price competition

Quality and service

Alpha: 'The great competitive advantage at Alpha is quality. We have an extremely low rate of complaints. Internally and externally. Whatever the reason, there are few manufacturers on the French market who can do it that way. (. . .) The disadvantage is that we are always more expensive. We offer the service that we also set up the film for the customer, for example. (. . .) the prices are poor for our products [in France]. But now we have a new bag that we are manufacturing. Not everyone can make it, either. And suddenly, inquiries from France come out of nowhere. And the prices . . . [are not pivotal]'.

Alpha: 'We don't have our own development department. But we have large customers in Switzerland and Luxembourg who had a problem, then we reacted immediately and drove on site. Because of this quick response [good service], we've been delivering since I've been with the company. The price then plays less of a role because the customer knows that if there is

a problem in production, I'll be there the next day. And this is the only way to assert oneself there [in the market]’.

Differentiated products

Gamma: ‘Sometimes it is very, very easy for us in Germany, through our photo portfolio, where we may have a unique selling proposition, it is easier for us to get in. But it is also just as easy to come in abroad with the same product. It may also be seen as product-specific, yes’.

Prepared for export

Gamma: ‘So, we are often asked by companies [abroad] whether they can also inquire about goods from us. And when we say that we are already active in their country, then it is usually always a relief for them and then it always goes straight to the nitty-gritty, yes’.

Innovation and service

Epsilon: ‘And that's why, as a small and medium-sized company, we actually had no choice but to focus on service and innovation. And that's what we'll do in the future, and that's how this R&D just developed’.

Operations abroad with lower labour costs

Asked about the influence of the domestic competition, **Eta** replies: ‘In the sense that we are expanding our production activities abroad, yes’.

CON 2.3: A key industry factor for GPI SMEs, as well as for MNEs, is price competition, whereas the price competition is pivotal in the home market but not limited to it. Price competition pushes GPI SMEs to internationalize, whereas successfully internationalized firms focus on product and technological innovation, good services and differentiated products for niche markets, though they rarely move operations to low-cost countries.

Furthermore, industry fragmentation is apparent and subsectors are related to the individual packaging types, for instance paper-based products, plastics, metal, glass and wood. Besides, the technology and machinery set-up differ significantly for some packaging types. A

corrugated-cardboard manufacturer with a large static system supplies his customers within a periphery of about 200 km of his operations due to transportation costs, whereas a rigid-plastic manufacturer produces frequently on the customer's site on a global scale with small machinery, very flexible to move. In terms of transportation costs, the packaging type and the level of processing are decisive in determining which geographic markets can be served profitably by export. Distances range from 200 km for corrugated-cardboards, 800 km for metal packaging to global reach for plastic films and paper specialties.

It is observed that raw material suppliers and numerous customers are consolidated, which cannot be claimed for the GPI. The bargaining power of GPI firms with raw material suppliers and customers is low.

Additionally, the served end-markets, for example, consumer goods, food, cosmetics, health care and industrial markets must be taken into account. Global brand owners of consumer goods and cosmetics are highly internationalized and demand the same from their suppliers.

RQ 3: Which internationalization strategies are applied by the GPI?

DRQ 3.1: Which pattern of market selection is adopted by the GPI?

Accessibility

Alpha: 'Yes, we are mainly active in the DACH region—Germany, Austria, Switzerland and France. (. . .) because the customer knows that if there is a problem in production, I'll be there the next day. And this is the only way to prevail there [in the market]'.

Margin-seeking and proximity to customers

Alpha: 'The price issue that we have now, probably Scandinavia is more willing to pay these prices. We are now seeing that in Switzerland too. The money sits a little looser there than anywhere else. (. . .) In Russia, for example, none of us have any experience'.

Trade fairs and networks

Gamma: 'But I would name almost all of the European countries, yes. But a lot in Switzerland, Austria, Scandinavia, Benelux. (. . .) Partly through trade fairs or international trade fairs that

we have visited again or where we have exhibited, we were able to find a very, very large number of foreign customers there. (. . .) they are either suppliers who then have smaller customers who cannot or do not want to supply them directly, which we then supply through our large warehouse. Or there are just partners on the market who are happy to recommend them to us, whether they are mechanical engineers or whatever, who then also give us recommendations or give recommendations to customers’.

Market-seeking

Eta: ‘France, Italy, Switzerland. (. . .) Because that's where the customers are’.

Follow-the-customer

Beta: ‘[You are supplying a customer who also has various subsidiaries abroad?] Yes, exactly. As I said, it's about Belgium, Netherlands, France and Switzerland’.

Follow-the-customer and market-seeking

Iota: ‘Central Europe, i.e. Poland, the Czech Republic and Romania, is active. In Western Europe, we are mainly active in France and Benelux. We are overseas in Mexico. (. . .) That means that we were also able to participate in the growth markets and were not only exposed to the cut-throat competition in a market in Germany that is actually only growing slightly. (. . .) These are the big, no, branded companies in the food and luxury food industry who have a large share in us. And they almost indirectly forced us to go abroad because they clearly state that they only want to work with internationally active suppliers.’

Opportunity

Delta: ‘We have export to the USA. To India. We are active in Eastern Europe . . . Italy . . . Scandinavia, Slovenia, also the Balkans. I said USA, India . . . England, Switzerland, Austria, yes. Important country Netherlands . . . Russia (. . .). Why these markets? I can tell you—the opportunity was just there. (. . .) So the acquisition was easy, there are four plants available, let's do that.’

Unsolicited orders

Epsilon: 'Yes, not EU but Europe. So, we also deliver to non-EU countries. (. . .) And we also deliver some products that are so special worldwide. So, our most distant customer is in New Zealand . . . New Zealand, Saudi Arabia, wait a minute. (. . .) Israel, USA, Canada, Cyprus, United Emirates (. . .) The countries have chosen us . . . '.

Follow-the-customer

Expert D: 'Well, we have two projects in the label sector that I have noticed, where the brand owners say, "Yes, we . . . are building a plant here in South Africa. You get a few hundred thousand square meters where you [label manufacturer] can also build something. Set up the label factory right next to . . . [our] factory"'. . .

Follow-the-customer and cost benefits

Theta: 'Well, on the one hand, of course, the other European countries, then North America, a bit in Latin America and Asia. (. . .) Vietnam, for example, which was not initiated by a major customer. The investment had a different background, it was actually simply the cheaper production option, yes. Yes, cheaper labour costs, manufacturing costs, yes. [Raw materials?] Yes, it's both. So it must be said quite clearly that raw material costs play an important role here . . . '.

Opportunity, market-seeking, cost benefit, accessibility and unsolicited orders

Zeta: '[You need] an opportunity to be successful there. First of all, South Africa is a country that is growing. The labour costs are low. The energy costs back then were low. The market was there. English is spoken, also important to us. The legal system is not totally unknown to us. And it's easy to get to. And by that, I mean, you get on the plane at 10 in the evening and be . . . there at 7 o'clock and don't lose a working day when you fly there. (. . .) we actively approach potential customers, to acquire them but also passively, of course, they are coming towards us. In the meantime, we have reached a size in the glass sector where we are already known in Europe, and when customers need something special, they come to us'.

CON 3.1: GPI SMEs are primarily active in neighbouring countries. The GPI key motives to internationalize 'follow-the-customer' and 'market-seeking' are emerging as well, when it comes to the pattern of market selection. Additional aspects that led to the market selection are accessibility, trade fairs, networks and unsolicited orders. The investigation indicates that the selection of markets has developed gradually over time within the SME case firms and is largely not supported by any strategy.

DRQ 3.2: What entry modes does the GPI apply?

Export

Alpha: '... We approach a maximum of two countries and see what happens. (...) [What form of market entry?] Export; ... one [reseller] ... in Switzerland or Austria who has started [his/her] own business, recommended us as a partner, partly through previous personal contacts. (...) [Did these contacts already exist in the earlier owner structure?] These are new. (...) [Does that mean traditional export would be the preferred means for you?] Yes, we also have the financial means for this'.

Export

Gamma: 'So, it's really pure export for us. (...) There are also resellers whom we supply abroad, but they are also our direct end customers. (...) We have only now built that up with the field service, i.e. with two field service representatives for foreign countries, so to speak. But I don't see any more need there either. The two are located in Germany'.

Export

Epsilon: '[It is pure export. Do you have other things like joint ventures or collaborations?] No. Abroad, we actually only work with resellers ... with a few exceptions, i.e. ignoring neighbouring countries. In some cases, this also works directly with larger customers. (...) So, countries that are further away or are a bit more difficult to reach. Like Norway or Spain, we only work with dealers'.

Export and gradually to FDI

Eta: 'Yes, the first thing we do is go in from Germany. And when that is . . . successful, then we look for local people [in the host country]. Until one day, yes, there is a foundation, let's say. [Step-by-step approach, is that your way?] . . . Yes, that's the classic way, yes'.

Export

Beta: ' . . . So, without a location, there is only export. [And to internationalize where you also get raw materials from abroad?] However, we also lack the know-how in the markets there to set up sales, or in the eastern countries, the demand is just not that high'.

Export and gradually to FDI

Theta: 'Export activities, sales, opening of sales office. (. . .) But after that there were, I would say, first and foremost, acquisitions and, only at the very end, greenfield investments. That was just these special investments in Egypt and China, also intended for large customers. Otherwise, these were all acquisitions'.

Export and gradually to FDI

Iota started with internationalization by export in 1970s Benelux and Denmark; following cooperation, joint venture, FDI, they gradually intensified the commitment: '[Actually, you have already mentioned almost all the forms that you have already used, yes, through joint ventures, cooperation, direct investment. So you actually didn't rule out anything from the start that you would say, "This form is out of the question for us".] Exactly'.

Export to FDI

Zeta: 'Well, well, these long distances, that's mostly done through resellers . . . and then we have contact with these dealers and also offer business for the USA. Everything that is here in Europe, we do very, very much with our own sales team.' Zeta's entry modes for foreign activities were export, agents, joint venture in South Africa 2005, FDI sales office in Slovakia, 2006.

Export to FDI

Delta: '[We originally said export. Then came . . . Hungary and Austria with direct investments, with their own location and, furthermore, export activities, right?] Yes. [Are there any other forms like joint ventures or the like?] No. In the USA, we also have a reseller who stocks goods for us there and then sells them'. Delta excludes FDI at the moment, due to lack of financial resources, the result of mismanagement with former acquisitions and greenfield operations: 'Because they also built a plant in Russia and closed it again'.

Low level of cooperation

Expert W: 'You have to think about it because the competitive pressure is simply there. It's about the possibilities, that is, the sales strength that a company has. Who will give me access to the markets? That's not . . . necessarily your own sales. This is about cooperation. (. . .) In the other markets, everyone does their own business, but in the special market, you do something together. This is not a trend, but I can feel the change in attitude. Personally, I think that's good; in my opinion, it comes way too late in Germany, and I would like one or the other management to be more open and not just focus on competition and "my product"'.

CON 3.2: In four out of five SME case firms, the entry mode is export, the lowest level of commitment in the scope of internationalization. The remaining SME case firm is following a gradual internationalization approach from export to FDI. Even within family-owned GPI MNEs, the highest engagement ends frequently with an acquisition whereas greenfield investments are predominantly only ventured if a key customer guarantees to at least partially utilise production for a certain period of time. All case firms—SMEs and MNEs—internationalize gradually whereas the influencing factors—'costs', 'levels of risk' and 'the degree of control'—emerged distinctly within the MNE case firms.

DRQ: 3.3: Which products are chosen for marketing abroad?

Scalable, homogeneous and few differentiated products, broad range, service—prompt technical support

Alpha: 'There is also no product at Alpha that is only intended for export. We extrude LDPE films as well as MDPE films and print them in up to ten colours. . . . reels, small reels, for food, pharmaceuticals, hygiene, gardening, screws are packed with the film, very simple things and produce different . . . types of bags . . . drawstring bags, zip lock bags, up to chain bags on a reel, so versatile that we have to reduce that too. (. . .) But we have large customers in Switzerland and Luxembourg who had a problem; then, we reacted immediately and drove on site. Because of this quick response [technical support], we've been delivering since I've been with the company. (. . .) For example, in France, the prices are poor for our products. But now we have a new bag that we are manufacturing. Not everyone can make it either. And suddenly, inquiries from France come out of nowhere. And the price is less relevant'.

Scalable and differentiated products

Gamma: 'So we have an overall portfolio that we offer completely at home and abroad. Our unique selling points are just certain things that we really specialise in, such as laser perforation of films, easy opening of films and reclosable films for cheese packaging. (. . .) Sometimes it is very, very easy for us in Germany, through our photo portfolio, where we may have a unique selling proposition, it is easier for us to get in. But it is also just as easy to come in abroad with the same product. It may also be seen as product-specific, yes'.

Market-specific, innovative products, niche markets, service—commercial and technical support, innovative automation technology

Epsilon: 'No, for worldwide sales it is clearly products that are very specific, that we developed. Well, we have specialised in innovations that not every company produces. (. . .) And that's why, as a small and medium-sized company, we actually had no choice but to focus on service and innovation. And that's what we'll do in the future (. . .) we visit these resellers, and when milestones need to be discussed, someone from us, i.e. a specialist from our company, is on site, be it to clarify sales or technical backgrounds that our partner just couldn't have. (. . .) There is "L" [a product] . . . cold cuts or cheese are usually packed inside.

And that doesn't work at all in Germany or only at a supermarket and . . . but very, very large quantities of it run abroad because there is more demand there and because consumer behaviour there is a little different than here. (. . .) There are a few singularities. So that's an advantage. Then we have a product that is a conical bag made of paper or a paper-film combination for herbs or bouquets. And . . . this technique . . . did not exist at all [in the past] to make it out of paper. (. . .) Not the technology yet but the product. And 5 years ago, we were too early. Because the paper bag is a bit more expensive than the film bag. But now it has become a bit of a unique selling point and it runs nationwide, Europe-wide, worldwide. For example, this is the item that we export to New Zealand'.

Scalable, customised products, niche markets

Eta: 'We do everything customer-specific, so . . . there is no differentiation between what is done in Germany and what is done abroad (. . .) [we] decided to really go into the exclusive market, to go into the high-price market'.

Scalable and homogeneous products

Beta: 'No, that's just the pallet'.

Scalable and homogeneous products

Theta: 'So, that's already worldwide, almost exclusively globally marketable, but also manufacturable products, yes. So, if you look at garbage bags from Vietnam, for example, yes, certain products, we make them . . . there. But of course we also have a plant in "E" where we also make garbage bags, yes. Mostly it's a different portfolio, but overall, in terms of sales market, very similar'.

Scalable, differentiated products—high quality printing, differentiated service offer—material and logistics optimisation

Iota: 'We have essentially the same products and the same range in all markets, with a focus on high-quality products: transport packaging for branded goods and the branded goods industry. (. . .) So above all, when it comes to printing, we simply have a higher level of competence. We are the largest supplier of pre-printed packaging in Europe . . . in terms of capacity and demand. And because the proportion of high-quality printed packaging is

significantly higher with us than with our average competitors. (. . .) One of our core ideas in dealing with markets and customers is always optimising packaging in order to optimise the proportion of material and optimise the logistics chains. And, of course, if we go to the CO₂ level, of course, to significantly reduce CO₂ consumption or CO₂ emissions. The subject of “packaging optimisation” is actually at the core of our service strategy’.

Scalable, homogeneous and differentiated products

Zeta: ‘So, in the USA, for example, and I’m talking about glass bottles in particular, you can buy standard there. But if you want something special now, be it shape, colour or something like that or special functions, then you won’t get that there. There are no manufacturers. And then you just have to look around the world market and . . . we are just one of them—so we offer that. (. . .) and do things that others don’t’.

Scalable, homogeneous products, no innovations

Delta: ‘The tinsplate can is forever old. So, there is very little innovation in this business. A very—I miss the word. So the market is not innovative . . . customers are also not very innovative when it comes to their packaging. [Can you say conservative market maybe?] Conservative—Exactly. [Competitive advantage that the others do not have yet due to technological advantages?] Does not exist’.

Demand of service and process innovations, reduction of material complexity

Expert R maintains that service innovations and process innovations are required, as well as a reduction of material complexity; he says: ‘. . . taking complexity out of the material, service and process innovation will be in demand’.

Necessity of solution providers—horizontal diversification

Expert D claims that packaging manufacturers focus solely on their single packaging type. He observed that there is a need for solution providers with horizontal product diversification. Expert D says: ‘. . . we are currently feeling extremely, a certain displeasure from brand owners who say that “the packaging industry does not offer us what we want because the packaging industry is simply so segmented”. Two or three weeks ago we had . . . a medium-sized company . . . a buyer who previously had nothing to do with packaging, juice packaging

... he also needs a solution provider for juice packaging, and I couldn't offer him one. Because he says, of course, that “juice packaging is not just made of film or glass or whatever, but also of a pallet or a label and a closure” and whatever, and now he has to sort it all together. (. . .) There used to be only two, "T" and "C", in the beverage carton segment. They have everything from filling machines to palletisers in their range. Build everything for them too. But otherwise, I always hear from everyone that “we are service providers” and then only produce films . . . And in the corrugated-board segment, too. (. . .) Well, I think that's almost another step . . . prior to internationalization, that people really can offer solutions. Real solutions. And not just a label. (. . .) No internationalization, but rather, let's say, a horizontal development of the product portfolio’.

CON 3.3: With the exception of one case firm, all market scalable products with no differentiation either to the domestic or to foreign markets. The most internationalized SMEs offer innovative and customised products in niche markets (see Table 4.2). Moreover, in 2 SMEs and 1 MNE, service offerings are observed. The services ranges from ‘short reaction time for technical support on site’ to ‘material and logistics optimisation’ and ‘commercial and technical support at the customer’.

Size category	SME					MNE			
Internationalization ratio	20%	25%	65%	90%	5%	58%	36%	36%	42%
Case firms	Alpha	Gamma	Epsilon	Eta	Beta	Theta	Iota	Zeta	Delta
Products	scalable	scalable	market-specific	scalable	scalable	scalable	scalable	scalable	scalable
Specialties	homogeneous and few differentiated	differentiated	innovative	customised	homogeneous	homogeneous	differentiated	homogeneous and differentiated	homogeneous
	service – prompt technical support broad range	./.	niche markets innovative automation technology service – commercial and technical support	niche markets	./.	./.	differentiated service offer – material and logistics optimisation	./.	no innovations

Table 4.2 Products and specialties of the GPI case firms.

DRQ 3.4: How long does the GPI take to expand abroad since inception/strategic realignment?

50+ years since inception, 6 years ago, no realignment—coincidence

Alpha: ‘... [we had] 10% [export quota], and what we delivered went to Austria. Then there was already the wish that we should strengthen exports [new management, 6 years ago], but that was never the main goal. There was no requirement that we now have to push exports. It was more or less a coincidence that a large competitor broke away here in the region, and we caught up with its Swiss business, and that is why we built up business extremely ... in the last 3–4 years (. . .) It was never the direction, Alpha is realigning itself, so is now much more export-oriented; it was more or less a coincidence, and we took the chance.

35+ years since inception, 10 years ago, no strategic realignment—international trade fairs

Gamma: ‘... But we have strengthened the whole thing ... probably 10 years ago that we expanded our entire international business with ... Switzerland, Austria, Benelux and also Scandinavia ... more. Yes. (. . .) But you also have to ... be very clear, they [family-owners] only became more active 10 years ago, that is to say that we sometimes showed up at international trade fairs and, as a result, I would say, record successes. (. . .) Independent of person, really, so I really have to say that. But we just noticed that we could do more abroad, that the whole business could be expanded, and that is why we invested more energy in all of these things. [How long did it take you to become active in the second foreign market, from the entry of the first foreign market?] Pff, I can't answer that’.

110+ years since inception, 15 years ago, realignment—first non-family manager

Epsilon: ‘For about 15 years. (. . .) Yes—Yes. It also has something to do with me ... 20 years ago I took responsibility and for the beginning we let it go. Well, actually, 18 years ago we started to change this a bit here ... Yes, it was a conscious decision and it also had something to do with me as a person’.

140+ years since inception, 20 years ago, realignment—family-manager

Eta: ‘It’s a process, yes, but it took place twenty years ago. (. . .) the owner then decided to really go into the exclusive market, to go into the high-price market. (. . .) [the second market

abroad?'] No, I should guess. I don't know. It was long before my time and I really can't tell you anything about it now'.

20+ years since inception, no realignment—unsolicited orders from domestic customers

Beta [documentary information: 20+ years from inception]: '[How long have you been active abroad? . . . It's actually no longer so relevant, because of this one or more customers that you serve in the domestic market and, therefore, also its subsidiaries abroad, yes?]' Yes'.

9 years since inception—first FDI by family-manager, 40 years since inception and 20 years ago, realignment—second owner generation with international experience

Theta [documentary information: first FDI 9 years from inception]: 'I think that was from the early days. So the founder himself has started, of course, to participate and grow in the closer European countries (. . .) No, that was the second generation that came back from abroad. Who drove this forward, yes, [the second generation] saw internationalization as a necessity'.

20+ years since inception, 26 years ago, strategic realignment

Iota: [documentary information: export since 1970s Netherlands, Denmark, France]. 'So, the first step was the start in the Czech Republic in 1994. . . . that was due to a strategy. (. . .) At that time we made a value analysis of all European countries. We looked at the market potential, we looked at the competitive situation on site. And then we set an order and there was the Czech Republic on [position] one or two and then Hungary and Romania on three and four. It then became one—the Czech Republic, two—Romania and three—(laughing) Poland. It went around like that, but we always stayed true to the strategy. In this market analysis, of course, we also looked at how many of our existing customers are active in these countries and produce by themselves. So, in that respect, it was a clear strategic concept that we rolled out very consistently'.

30+ years ago (vague)

Zeta: '. . . since the company was founded and in the glass sector, I can't tell you. For decades. (. . .) So that was certainly before my time. I've been in the business for 25 years, and we've been exporting since the beginning, and I can't tell you how that came about'.

25+ years ago—first FDI and 100+ years since inception

Delta: ‘. . . I can't tell you. But . . . the Austrian plant has always been Delta. We have had the Hungarian plant for a long time. I think it was founded in the early 1990s. So . . . you can say several decades, about 30 years ago. (. . .) [. . . Delta . . . has existed since?] 1871’. (. . .) How long did it take you to become active in the second foreign market after entering the first foreign market?] I can't answer that’.

CON 3.4: All SME case firms started to expand their activities abroad later in their lifecycles, that is to say, 20 to over 100 years since inception (see Table 4.3). Furthermore, within the most internationalized SME case firms, the internationalization process was intensified after an intentional realignment. The processes of the two least internationalized SMEs were caused by coincidence and customer request. Two SMEs with an internationalization ratio of 20% and 25% accomplished this level 6 and 10 years, respectively, after intensifying their export efforts. The most internationalized SME case firms with a ratio of 65% and 90% accomplished this level of internationalization after 15 and 20 years, respectively.

Size category	SME					MNE			
Internationalization ratio	20%	25%	65%	90%	5%	58%	36%	36%	42%
Case firms	Alpha	Gamma	Epsilon	Eta	Beta	Theta	Iota	Zeta	Delta
Start of internationalization (≈ years)	6	10	15	20	./.	20	25	(30+) unclear	(25+) unclear
Since inception (≈ years)	50	35	110	140	20	40	20	./.	./.
Cause	coincidence	trade fairs	realignment first non-family manager	realignment family-manager	customer request	realignment 2nd generation owner-family international experience	realignment strategy	./.	./.

Table 4.3 Pace and time of GPI case firms' internationalization.

In this section all findings were discussed and structured according to the DRQs. The RQs 1-4 are answered in the conclusion section 6.1, 'Research Overview'.

4.2 Documentary Information and Case Reflection

Documentary evidence can be important to supplement and compensate for the limitations of other research techniques and operates as a method to cross-validate information collected from interviews (Noor, 2008). Documentary information can be used alongside interview transcripts to add credibility to the study (Perry, 2001). Examining the evidence from several directions is one way to assess the quality of case research.

Integrated into nine case studies, the documentary information of the nine researched companies is presented and analysed through a critical reflection that takes account of the interview findings.

(1) Case study Alpha

Documentary information: Alpha

Alpha is a manufacturing company in the plastics processing industry. The company specialises in the production and processing of films and flexible film packaging. In the 2019 financial year, the sales volume was still processed within the scope of the existing multi-layer capacities (film extruders).

As in the previous year, Alpha's 2019 financial year was less affected by rising prices in the purchasing markets. The sales volume could not be increased. In the 2019 financial year, Alpha recorded a decline in sales compared to the same period in the previous year. There is still considerable price pressure, and purchasing prices are volatile. According to the industry association, this situation will continue.

The company's investments in the 2019 financial year amounted to around EUR 1.6 million, well above depreciation. Modernisation and specialisation in promising technologies were

the core of these investments. The machinery was also maintained at a technically efficient level through constant repair and maintenance.

The investments in property, the plant and equipment and the maintenance expenses made in the 2019 financial year were financed with the current cash flow, existing financial resources, and a medium-term loan to finance fixed assets. The investments planned for 2020 will be significantly higher than depreciation and will be partially financed by long-term loans.

Of the employed workforce, 76 (previous year: 76) were employed in the commercial sector, and 26 (previous year: 15) were employed in the non-commercial sector, in addition to 9 (previous year: 14) temporary and part-time employees. Furthermore, an average of 10 (previous year: 8) trainees were employed. This corresponds to the declared aim of training the company's young employees in-house to guarantee the employee qualifications required for competitiveness.

The first half of the 2019 financial year was characterised by the continuous development of business activities with increasing sales. This trend was reversed in the second half of the year. The asset situation is characterised by a high equity ratio, which changed from 85% to 80% compared to the previous year's reporting date. The main goal of Alpha's financial management strategy is to self-finance operational activities and investments. The amount of cash and cash equivalents, which is made up of credit balances and current account liabilities to banks, fell by around EUR 0.75 million to EUR -36 thousand in the year under review. In summary, in the 2019 financial year, Alpha achieved a profit of EUR 1.5 million in the context of slightly reduced business activity and timely cost-reduction measures. In the raw materials and energy sector, volatile and rising purchase prices are still expected, and attempts are being made to pass these price increases on to customers.

The reduction in the consumption of plastic, which is increasingly being discussed in public and in the media, can have a negative impact on the industry and society. Alpha's products have been 100% recyclable for years and already comply with the EU Plastics Strategy 2030. The management of Alpha also expanded into another area of business last year, that of plastic made from renewable raw materials. In 2019, Alpha committed itself to this with a strategic reorientation for the use of recyclates and other materials.

Critical case reflection: Alpha

Alpha was founded as a family company 59 years ago in southern Germany. The company produces plastic films, currently employs 111 people, and has an annual revenue of about EUR 20 million. In the interview the company reported about 100 employees and confirmed its revenue. The annual report showed a gross profit of EUR 11.3 million in the 2019 reporting year. Therefore, the interview and documentary data coincide. Table 4.4 displays the comparison of interview and documentary information and the case reflection that takes account of the interview data.

The company founder was a technician who learned and worked in a company near his hometown, where he rose to become the company's operations manager. He started his own business in the early 1960s; Alpha was founded in his garage. The first film extruder was purchased three years after Alpha was founded, followed by the first printing machine.

As foreign customers were in default of payment in the lower five-digit range, the founder and sole managing director decided to only supply the German market. As a result, 10 years ago, an export quota of only 3–5% was possible.

In April 2014, the owner (then over 80 years old) decided to sell the company to two people from outside the industry, one of whom left after three years. Both buyers came from companies that were very active internationally, with export rates of over 70%. In the interview they maintained that one goal of the new owners of Alpha was to increase the company's export share. However, Alpha also said: '(. . .) there was already the wish that we should strengthen exports [new management, 6 years ago], but that was never the main goal.' When a large competitor in the region finally broke away, Alpha was able to absorb its Swiss business, and its export share increased to 20% in the last 4 years; that is, over the past few years increased internationalization and export expansion were coincidental rather than the result of proactive initiatives.

Today, the owners consist of the partner who joined the company in 2014 (and who now heads the finance and production departments) and the sales manager. The latter completed his apprenticeship at Alpha and recently became a second owner, focusing on sales and marketing-related topics. The second owner and now Sales Director has no international

experience, he has been with Alpha for almost his entire professional life. Alpha's Sales Director and co-CEO, has few English-language skills. Alpha states: 'If you never have to speak English or French in the company, and someone comes along and says we need more exports, go ahead. Then we sit there and puff; my last English was on vacation a year ago. Holiday English only.'

In the past, there was no business necessity for activities abroad because Germany was a large enough target market. Industry expert D says: 'Well, I think countries like Scandinavia are used to working internationally. . . . I think Germany is just so big that it is a big hurdle for many to actually do it in terms of language'.

Alpha's further co-CEO came from a company that was very active internationally. Both CEOs have formal education; they graduated, one of them with a technical PhD. Hence, the managerial internationalization competencies can be rated as moderate. Alpha is aware of the sociocultural differences, stating: 'what makes people tick. That is also very, very important; we had to learn that when we went to Switzerland [only export]. They speak almost like us, are not far away, but work completely differently'. However, the level of sociocultural competencies of Alpha can be classified as low.

The company is mainly active in Germany, Austria, Switzerland, France and Luxembourg. It supplies the automotive, hygiene, industrial, food, pharmaceutical and horticulture markets. Alpha produces films and converts and prints them. In response to the strong customer requests for sustainable products, it offers bio-based and compostable films as well as reduced-thickness films. The response of the company to the sustainability trend is additional R&D efforts. Other more reactive behaviour can also be seen since these activities are mainly implemented due to customer pressure. As Alpha explains: 'The customer says, "If nothing happens by 2022, or better still 2021, then we have to look around [for a new supplier]" . . . Here we are forced to participate somehow, in order to develop further'.

Alpha claims: 'In 2020, we have set ourselves the goal of becoming active ourselves [to internationalise]. We also have a lady with us who speaks good English and who also knows French, not explicitly only there for export, but as a goal'. Because Alpha's management is involved in the operational business, it has few resources to continuously deal with foreign markets and to develop a holistic strategy. Alpha states: 'It is not, then, that we position

ourselves in such a way that we are in another 10 countries, but that we pick out certain countries—but we don't yet know them. We approach a maximum of two countries and see what happens'. This statement demonstrates that there is no strategy-driven approach in place. Although Alpha is aware that it wants to increase its overseas activities, it sees a major obstacle in the form of limited information and support to build a strategy. Alpha: 'The biggest hurdle is . . . where do I make my contacts? Where do I get the addresses . . . to design the model, where do I start, how do I approach it, the topic'.

Similarly, expert W noted the lack of market knowledge as a barrier to GPI internationalization:

Companies are very much influenced by the development of the product. Very stuck in the depth of the product. You can wake people up at night, they'll pray everything down for you. But that's no use if you don't understand the markets. . . . It's not about product details, but the market here needs this and that because the mechanisms are different.

The documentary information does not allow any different conclusions about personnel resource constraints and a lack of internationalization expertise but does not confirm the facts either. Besides, the findings of the industry expert W about the lack of market knowledge within the GPI correspond to Alpha's interview data.

Nevertheless, reactive internationalization motives dominate Alpha's approach to internationalization so far e. g. excess capacity, proximity to foreign customers and unsolicited orders. Alpha: ' . . . And sometimes, I catch myself bending the rules [minimum requirement on contribution margin]. We pocket the 20 or 50 tonnes; the main thing is that the extruder is running.' Alpha state that in the context of proximity to customers: 'Yes, we are mainly active in the DACH region . . . the customer knows . . . if there is a problem . . . I'll be there the next day. And this is the only way to prevail there [in the market]'.

Alpha also discussed requests from neighbouring countries:

Suddenly, it becomes independent, and one customer says, 'I know Alpha, you are not far away, about three hours away, then make me the offer' . . . It was never the

direction, Alpha is realigning itself, so is now much more export-oriented; it was more or less a coincidence, and we took the chance.

Alpha's goal in 2020 was to become more active internationally to position itself more broadly; it aimed to compensate for fluctuations more easily in sales in the various markets through diversification. After the COVID-19 crisis and its associated risks, this goal will continue to be targeted, as Alpha did not record any significant sales losses due to the pandemic. The weaker sales from the German market can be partially offset by sales from the French and Swiss markets. In addition, and slightly different to the interview data, the documentary information reveals that Alpha must cope with volatile purchasing prices and reduced business activity due to the COVID-19 pandemic that was counteracted with cost-reduction measures. Furthermore, interview and documentary sources both refer to considerable sales price competition in the industry. Alpha says: 'It's becoming more and more common now that long-time customers call and say, "I'm really sorry, but we have a 20% price difference" [compared to Alpha's offer]'.

In sum, the interview data largely coincides with the documentary information, and the remaining discrepancies were discussed.

Alpha	Interview information	Documentary information	Critical reflection
Annual revenue (€million)	20	(11.3 gross profit)	20 revenue, 11.3 gross profit
Balance sheet total (€million)	no data	12	12
Headcount	about 100	111	111
Size category	SME	SME	SME
Internationalization ratio(%)	20	no data	20
Age (years)	59	59	59
Family manager / family-owned	no (since 2014 new owners)/ no	no data	1962 - 2014 family manager, since then new owners not related to founder family
Packaging type	flexible plastic	flexible plastic	flexible plastic
Internationalization motives	follow-the-customer, margin-seeking, excess capacity, unsolicited orders, proximity of customers	no data	until now reactive motives predominate
Market selection	neighbouring countries: Germany, Austria, Switzerland, France	no data	only neighbouring countries; answers on other interview questions revealed further neighbouring countries: Luxembourg, Czech Republic (follow-the-customer)
Entry mode	export	no data	export
Pace and time	started internationalization 6 years ago, 50 years after inception, caused by coincidence	no data	started internationalization 6 years ago, 50 years after inception, caused by coincidence
Managerial internationalization competencies (incl. sociocultural aspects)	one co-CEO worked in a company with an internationalization ratio of 70%, other co-CEO (= CSO) has no international experience, foreign language is a barrier	no data	moderate level of managerial internationalization competencies: the first co-CEO is responsible for finance & operations, the CSO = co-CEO has no international experience, foreign language is a barrier; low level of sociocultural competencies
Financial and personnel resources	avoid financial risk (founder), personnel resource constraints, manpower and language, lack of expertise	no data	avoid financial risk (founder), personnel resource constraints, manpower and language, lack of expertise
Disruptive challenges	sustainability trend which is counteracted with more R&D efforts	sustainability trend which is counteracted with more use of recyclates	sustainability trend which is counteracted with more R&D efforts only due to customers' urge
Industry factors	price competition which is counteracted with quality and service	considerable price competition, purchasing prices are volatile, reduced business activity (COVID-19) counteracted with cost-reduction measures	considerable price competition, purchasing prices are volatile, reduced business activity (COVID-19) counteracted with cost-reduction measures
Products	extruded LDPE, MDPE films, printing up to ten colours, reels, small reels, for food, pharmaceuticals, hygiene, gardening, screws are packed with the film, different types	specialises in the production and processing of films and flexible film packaging	scalable, homogeneous and few differentiated products, broad range, service—prompt technical support

Table 4.4 Alpha – case reflection interview and documentary information.

(2) Case study Beta

Documentary information: Beta

Beta is a leading manufacturer of pallets and wooden packaging in Germany and was founded in 1964 by two brothers. In addition to a diverse selection of standard pallets and wooden packaging, Beta offers individualised packaging solutions and additional finishing processes for solid wood products. Beta also offers an on-site repair and sorting service and utility pallet logistics. In 2003, responsibility for the further development of the company passed to the two sons of the founders.

As a naturally renewable raw material, wood is particularly environmentally friendly. Beta's goal is to obtain this raw material exclusively from sustainably managed forests and to process it into ecologically sound products. Thanks to a closed wood cycle, Beta succeeds in keeping its environmental impact low, as all wood residues are recycled. Every part of the pallets produced is used, and most of the sawn timber is processed. The sawing by-products such as sawdust and wood chips are used in the company's thermal power station to generate heat for the drying chambers and production halls. All quantities of these by-products not required by Beta itself are sold to retailers or the wood-based materials industry.

The positive business developments in recent years and the financial policy of the management are reflected in the balance sheet figures. After considering all known risks, no hedging transactions (financial instruments) were necessary, and the equity ratio is around 40%. The company's position with respect to assets, finances and earnings is healthy and stable. With these macroeconomic conditions and extensive investments planned in special packaging, Beta assumes that business will continue to develop positively. Specifically, a production site was set up. This significantly expands available production, storage and drying capacities and creates the opportunity for further growth.

The staff deployment rate continued to improve. The other operating expenses increased by EUR 0.732 million to EUR 5.5 million in the financial year. This increase is mainly due to the costs of the new location, repairs to the machines and operating and office equipment.

The increase in gross profit is due to the planned increase in sales and the above-expected increase in German demand. The increase in sales resulted in a gross profit of EUR 14 million

(previous year: 12). The operating result before taxes and financial result is EUR 1.5 million and is at the previous year's level (previous year: 1.6). The financial result is EUR –0.1 million and has changed compared to the previous year due to the investment in a new location (previous year: –0.08).

Pallets and wooden packaging are in demand from many industries. As there is no concentration on individual major customers, the risk on the sales side is primarily determined by the competitive situation in the industry and economic developments. For future competitiveness and further development, an increased focus on the sales market and a comprehensive understanding of the target industries are of central importance.

Due to the development of international markets, Beta is also exposed to demand and price risks. Since large quantities of wood are required for the products, there is a strong dependency on the wood purchase price. The company is also dependent on transport costs due to long transport distances. Since the number of suppliers for raw materials and supplies is limited, supplier failures and delivery bottlenecks for raw materials and supplies can lead to potential price and delivery risks. This also applies to the procurement of logistics services. Beta tries to reduce these procurement risks through targeted supplier selection and defined quality standards, guaranteeing the availability of goods in the required quantity and quality. The supply of raw materials is currently unproblematic. This enables stock to be ordered just-in-time to the extent possible. Short-term wood requirements can be met without major problems through the German market with efficient sawmills. The limiting factor in short-term deliveries of goods in recent months has often been logistics. Since this industry is already heavily influenced by foreign providers, timely coordination is increasingly difficult. This can also complicate production planning.

The shortage of qualified and motivated employees is an increasing risk. Often, vacancies cannot be adequately filled for a long time. As a result, there are more and more production-related risks that make the manufacturing of pallets more difficult. Storms and natural disasters can temporarily lead to a very high availability of sawn timber. After an oversupply phase, there is usually a shortage, as the forest reduces the amount of fresh timber. Such fluctuations in availability cause high variability in the wood purchase price. Pallet supply contracts linked to a wood price index can help to mitigate the purchasing risks. However,

this is not completely possible, and so this risk can reduce earnings. The company has no currency risks and is solidly financed over the long term. Because of constructive business relationships with its banking partners, Beta rates liquidity risks as very low.

With standard pallets, there is a very strong competitive pressure caused by overcapacities. Therefore, Beta forecasts unabated price and cost pressure in the mass business for the next few years. If the macroeconomic developments are worse than expected, this could have an additional negative impact on business earnings. According to Beta's assessment, the general competitive situation in the industry for pallets and load carriers will not weaken in the next few years. Well-known manufacturers have already closed their plants, but the capacities that exit the market due to closure are quickly replaced by existing companies' investments in new and modern production machines. The industry is in a phase of consolidation. Optimising business processes and developing the business is therefore a constant challenge. Large companies tend to be better at meeting these requirements than small companies.

Beta's aim is to achieve efficiency gains through individual programming and customisation of existing software and to develop the digitisation of business processes. If the already high level of competition in the market is seen as an opportunity, it is quite conceivable that there will be a certain level of adjustment among suppliers of pallets in the future. In this scenario, Beta assumes a gradual recovery in margins. Moreover, the company's premises are owned, and sufficient expansion areas are available for the further development of Beta.

All the company's activities are aimed at securing its market position and gradually expanding it. Beta continues to see risks to future development in a difficult competitive environment, rising raw material prices and the stagnating price level. However, due to financial stability, Beta considers itself well equipped to cope with future risks. There are currently no identifiable risks that might jeopardise the continued existence of the company.

Critical case reflection: Beta

Beta was founded by two brothers in the 1960s. Beta later became a pallet factory with its own sawmill. Today, the company employs around 80 people and has total assets of around EUR 16 million. Beta's export share to the neighbouring countries of Belgium, Netherlands,

France, and Switzerland is 5%. Most of Beta's exports are deliveries to foreign locations of domestic customers. Therefore, the internationalization motive is to follow-the-customer. Table 4.5 reflects on the documentary information and interview data.

In addition to its headquarters and nearby plant in western Germany, Beta has had a third production site in the same region since 2017. Initially intended as a warehouse extension of the main site, the location of a former competitor was gradually modernised.

As a manufacturer of wooden pallets and wooden packaging, the share of transport costs in the cost structure is relatively high for Beta. To offer an attractive product at competitive prices, it must therefore be delivered within 250 kilometres of Beta's locations. For this reason, Beta's business model is not suitable for internationalization, in particular for export. Instead, Beta remains local. This is in line with industry expert W's observation: 'As you can see, there are certainly suppliers in this area who have products that are simply not shipped across Germany or Europe, for logistical reasons'. However, FDI could be an option because Beta has financial possibilities, for example, it could take out a loan, but no attractive business opportunity has arisen to date. The interview data show that there are personnel resource constraints. However, the documentary information indicates that the staff deployment rate continues to improve and that Beta has to cope with a shortage of qualified and motivated employees, which even jeopardizes production.

In 2003, responsibility for the further development of the company passed to the two sons of the founders. One of the sons manages the commercial aspect of the business, while the other manages the technical part. The founders had no international experience as well as no formal education. The current family managers graduated – one holds an MSc, the second an MBA equivalent. The documentary information does not allow any different conclusions about the low level of managerial internationalization and sociocultural competencies but does not confirm the facts either. The situation is different in respect of the industry factors. In the documentary information and in the interviews, strong price competition is identified, which is met with quality. In addition, the documentary information shows that there is a consolidation tendency in the industry and that the recovery of margins, therefore, is to be expected.

Beta	Interview information	Documentary information	Critical reflection
Annual revenue (€million)	-	(14 gross profit)	(14 gross profit)
Balance sheet total (€million)	-	16	16
Headcount	about 80	85	85
Size category	SME	SME	SME
Internationalization ratio(%)	5 (transport costs are critical, exporting distance \approx 250 km to remain profitable)	no data	5 (transport costs are critical, exporting distance \approx 250 km to remain profitable)
Age (years)	founded in the 1960s	56 (founded in 1964)	56
Family manager / family-owned	yes (since the 1960s) / yes	yes (since 1964), 1964 - 2003 1st generation family managers, since then 2nd generation	1964 - 2003 1st generation family managers for 39 years, since then 2nd generation for 17 years
Packaging type	wood	wood	wood
Internationalization motives	follow-the-customer	no data	follow-the-customer
Market selection	neighbouring countries: Belgium, Netherlands, France and Switzerland	no data	only neighbouring countries; (follow-the-customer)
Entry mode	export (FDI could be an option, financial possibilities are there, but no attractive business opportunity)	no data	export (FDI could be an option, financial possibilities are there, but no attractive business opportunity)
Pace and time	started internationalization 6 years ago, 50 years after inception, caused by coincidence	no data	started internationalization 6 years ago, 50 years after inception, caused by coincidence
Managerial internationalization competencies (incl. sociocultural aspects)	no international experience (1st generation), the founders had no formal education, the current family managers graduated (MSc, MBA equivalent), only deliver to near foreign subsidiaries of domestic customers	no data	low level of managerial internationalization competencies: no international experience (1st generation), the founders had no formal education, the current family managers graduated (one MSc, the second one MBA equivalent); low level of sociocultural
Financial and personnel resources	personnel resource constraints, financial resources are available	shortage of qualified and motivated employees	shortage of qualified and motivated employees, financial resources are available
Disruptive challenges	wood is perceived as sustainable raw materials, sustainability trend has a positive impact, local supply approach	no data	wood is perceived as sustainable raw materials, sustainability trend has a positive impact, local supply approach
Industry factors	price competition which is counteracted with quality	price competition which is counteracted with quality, consolidation tendency with an expectation of margin recovery	price competition which is counteracted with quality, consolidation tendency with an expectation of margin recovery
Products	pallets and wooden packaging	pallets and wooden packaging, individualised packaging solutions, from sustainably managed forests	scalable, homogeneous (documentary information on this topic seems to be image campaign driven)

Table 4.5 Beta – case reflection interview and documentary information.

(3) Case study Gamma

Documentary information: Gamma

Gamma's business purpose is the further processing of flexible films, the sale of these and related activities. Despite the difficult market situation for its main products, Gamma was largely able to meet its targets for the 2019 financial year. The company relies on innovative and patented products with a high level of quality and extensive delivery flexibility. Gamma has long-standing customer relationships in all sales regions. To meet customers' demands, the company has established very flexible marketing and sales structures.

Gamma does not have a development department. However, there is ongoing market monitoring regarding changing customer demand and technical developments in the company's area of activity. In individual cases, an innovative idea can also lead to a patent application, as occurred during the financial year.

For the assumptions and estimates to be met, the consequences of the COVID-19 crisis also play a key role. The spread of the coronavirus (Sars-CoV-2) in spring 2020 and the sometimes drastic measures to contain the pandemic in almost all economies will affect the global economy, individual markets, industries and companies. The crisis's potential effects on the sales and financial performance of Gamma cannot yet be accurately predicted.

The main risks are general market risks. These include, above all, risks related to the procurement and sales market. Fluctuating crude oil prices lead to purchase prices for raw materials and supplies that are difficult to calculate. This creates both opportunities (due to the currently still low price of crude oil) and risks, such as the reduction of profit margins if price increases are not (fully) passed on to the customer. In addition, increasing competition also puts pressure on sales prices and can lead to a loss of market share.

Quality risks must also be considered. Since errors can occur during production and logistics, it cannot be ruled out that customers will receive late deliveries or faulty goods. Gamma tries to keep these errors as low as possible through the continuous development of its production and logistics processes. However, recruiting qualified employees is becoming increasingly difficult.

The company does not engage in any hedging transactions. Gamma does not use derivative financial instruments. The possibility of increased defaults on customer receivables is also a major risk due to the difficult overall market situation. Such defaults can result in an unforeseen loss of cash or incoming payments as well as creditworthiness-related impairments of financial instruments. Gamma endeavours to keep default risks as low as possible through proof of financing or cash payments when delivering to new customers. Default risks are also reduced by the broad customer structure and the low dependency on major customers.

The cost of materials ratio ($\text{cost of materials} / (\text{revenue} + \text{change in inventory})$) increased to 63.9% in 2019 (previous year: 61.5%). The operating result before depreciation, interest, and taxes (EBITDA) decreased from EUR 2.1 million in the previous year to EUR 2.0 million, which corresponds to a decrease of 6.1%.

Personnel expenses increased by 4.4% compared to the previous year due to the expanded workforce. Depreciation rose by EUR 21 thousand to EUR 554 thousand. The other operating expenses fell from EUR 2.3 million in the previous year to EUR 2.2 million. The operating EBITDA margin ($\text{EBITDA} / \text{sales}$) declined and reached a value of 9.8% (previous year: 10.9%) in the financial year. The financial result (balance of interest income and interest expenses) was EUR -72 thousand (previous year: -78) in the financial year. Overall, there is a positive annual result of EUR 0.9 million (previous year: 1.0). However, this result is below the expectations Gamma communicated in the previous year, particularly due to the increased cost of materials ratio.

The accounts receivable from deliveries and services, other assets, other securities and the liquid funds amount to EUR 2.368 million (previous year: EUR 2.518 million). The total decrease of EUR 150 thousand primarily reflects a decrease in liquid funds of EUR 527 thousand, while trade receivables increased by EUR 254 thousand and other assets by EUR 133 thousand. Almost all of the trade receivables had been received when the annual financial statements were prepared. The other securities are unchanged compared to the previous year.

Equity amounts to EUR 5.650 million (previous year: EUR 5.501 million). This increase reflects the positive annual result achieved in the 2019 financial year minus the profit distribution.

The total net profit as of December 31, 2019 was EUR 5.446 million. The equity ratio is 66.8% (previous year: 61.8%). The liabilities amounted to EUR 1.699 million (previous year: EUR 2.136 million). The decrease compared to the previous year results from the decrease in liabilities to banks by EUR 368 thousand, trade payables by EUR 10 thousand and other liabilities by EUR 58 thousand.

The indirectly determined cash flow from operating activities amounts to EUR 976 thousand in the 2019 financial year (previous year: EUR 1.210 million). The change compared to the previous year results mainly from the changes in working capital and the result for the period. The investments in fixed assets lead to a cash flow from investing activities of EUR –385 thousand (previous year: EUR –301 thousand). The cash flow from financing activities of EUR –1.118 million (previous year: EUR –1.167 million) results mainly from a distribution and the repayment of bank loans. Financing was always secured during the financial year, and sufficient credit lines are available. Supplier invoices were paid within the framework of the payment agreements made using cash discounts.

Gamma's main opportunities lie in its extensive and, in some cases, long-term customer relationships, which continue to represent the successful basis for development. Gamma assesses the expected development for the company as positive. In the area of one of the main product groups, however, the company expects further market-related margin losses. Based on current information and knowledge, Gamma assumes that the 2020 financial year will not be significantly worse than 2019 in terms of sales and earnings. In the next few years, the company intends to further expand its sales strategy through innovative solutions.

Critical case reflection: Gamma

For over 40 years, Gamma has been a converter-supplier of slitted and winded plastic films. Gamma's headquarters is in West Germany. The company offers a wide range of products, such as polyester films, MOPP, PPS films, composite films, sealing films, high-barrier films, LDPE films, BIO films and printed films. Gamma specialises not only in the procurement and delivery of films but also in film processing, such as cuts, perforations, or refinements. Its core competence is the slitting and winding of film reels. Gamma is a family company with two

shareholders, father and son, as well as an external managing director; the latter initially worked in the field, then as authorised signatory and finally as managing director. The company has 61 employees and a balance sheet total of EUR 8 million. In an interview, Gamma mentions a turnover of 21 million euros, this figure could not be compared with documentary information.

Besides Germany, Gamma's main sales markets are the directly neighbouring countries; Gamma exports its products to Switzerland, Austria, Scandinavia, and Benelux with an export share of about 25%. The company mainly supplies medium-sized enterprises. Reactive motives seem to dominate Gamma's cross-border activities: 'Well, it was just that we had more recommendations, more contacts through our homepage or recommendations that made us more active'. The establishment of international business contacts takes place mainly through the company's environment and network. Enquiries from new customers are made via the company website, through recommendations from other customers or from other market players. Visiting and exhibiting at international trade fairs also leads to foreign customer contacts. Internationalization is a success factor for Gamma because growth rates are higher abroad than in the German market. Through its portfolio, the company has achieved a unique selling position in other European countries, which has led to more international business. Gamma has some differentiated, scalable, and innovative products that have even led to the filing of a patent application. Gamma states: 'So we have an overall portfolio that we offer completely at home and abroad. Our unique selling points are just certain things that we really specialise in, such as laser perforation of films, easy opening of films and reclosable films for cheese packaging. . . . Sometimes it is very, very easy for us in Germany, through our photo portfolio, where we may have a unique selling proposition, it is easier for us to get in. But it is also just as easy to come in abroad with the same product.'

However, the internationalization ratio of about 25% is still fairly low. Gamma also noted trade barriers as obstacles to internationalizing. Contrary to this statement, within the European Union, non-tariff barriers to trade are already widely harmonised. Overall, the interview data correspond with the documentary information; the latter contains some additions, for example, the difficulty of recruiting qualified employees, expected margin losses, and a patent application (see Table 4.6).

Gamma	Interview information	Documentary information	Critical reflection
Annual revenue (€million)	21	no data	21 seems to be realistic, no further confirmation by additional source
Balance sheet total (€million)	no data	8	8
Headcount	about 60	61	61
Size category	SME	SME	SME
Internationalization ratio(%)	25	no data	25
Age (years)	over 40	47	47 (founded in 1974)
Family manager/ family-owned	no (for 5 years a non-family but internal manager who was appointed as MD)/ yes	no data	no (for 5 years a non-family but internal manager who was appointed as MD)/ yes
Packaging type	flexible plastic	flexible plastic	flexible plastic
Internationalization motives	market-seeking, unsolicited orders	no data	reactive motives seems to dominate: unsolicited orders, market-seeking
Market selection	neighbouring and psychical close countries: Switzerland, Austria, Benelux and Scandinavia	no data	neighbouring and psychical close countries: Switzerland, Austria, Benelux and Scandinavia
Entry mode	export	no data	export
Pace and time	started internationalization 10 years ago, 35 years after inception, participate in international trade fairs	no data	started internationalization 10 years ago, 35 years after inception, caused by participating in international trade fairs
Managerial internationalization competencies (incl. sociocultural aspects)	Current MD gained experience abroad in Scandinavia and Benelux mainly by sales activities; organisational networks exist	no data	moderate level of managerial internationalization competencies: no broad international experience but networks exist
Financial and personnel resources	no data	difficult to recruit qualified employees; expanded workforce	difficult to recruit qualified employees, workforce increased by 2 employees vs. previous year
Disruptive challenges	sustainability trend which is counteracted with adapted product portfolio	no R&D department; market monitoring with regard to changing customer demand and technical developments; Covid-19 crisis could have an affect on sales and financial performance	sustainability trend, customers want recyclable materials, adaptation of product portfolio
Industry factors	price competition	increasing competition; broad customer sturcture, low dependency on major customers, strong customer relationship; further market-related margin losses are expected; increased cost of raw materials	price competition, broad customer base, rising raw material costs cause risk of margin loss
Products	wide range and some differentiated products, composite films, sealing films, high-barrier films, BIO films and printed films, processing, such as cuts, perforations or refinements	processing of flexible films and the sale of these and the related activities, plan to expand sales through innovative solutions; an innvation led to a patent application	scalable, differentiated products with some innovations

Table 4.6 Gamma – case reflection interview and documentary information.

(4) Case study Delta

Documentary information: Delta

Delta was founded over 150 years ago as a tinsmith company. Industrial production began with the founder's successor, and the company employed around 30 people at the beginning of the 20th century. After the founder's death, the business became a purely industrial company and had 160 employees in the 1930s. When the two sons of the late managing director took over the business, the company was transformed into a general partnership. The three divisions of Delta are Industrial, Beverage and Decorative. In 2019, Delta had more than 600 employees, a balance sheet total of about EUR 80 million and an internationalization ratio of 42%.

The demand for metal packaging for chemical and technical filling goods was characterised by contrary developments in 2019. The construction sector registered an increasing demand for tinplate packaging due to the positive general conditions in this sector. In contrast, negative effects were noted in the chemical, automotive and paints and varnishes industries. The Industrial division generated external sales of EUR 93.8 million (previous year: EUR 92.3 million); this is 1.6% above the comparable figure for the previous year. The beverage division achieved external sales of EUR 38.2 million in the 2019 financial year (previous year: EUR 39.6 million). Compared to the previous year, this represents a reduction of 2.6%. This slight decrease reflects decreasing demand for the classic keg and Delta's loss of a large customer. However, Delta's largest new customer was acquired in 2017, and this positive development was able to partially compensate for the challenges described above.

Including other revenues, Delta's external sales add up to EUR 135.3 million and are thus at the previous year's level. Sales with affiliated companies amount to EUR 16.7 million, as planned (previous year: EUR 17.1 million). The decrease of EUR 50 million compared to the previous year resulted from the reintegration of M-GmbH at the end of 2018, as considerable sales were made to this company in 2018. A further EUR 5.4 million result from the loss of sales due to the closed plant in France and the discontinuation of printing services for the Finnish subsidiary.

Due to the lower-than-expected development of the foreign plants acquired in 2015, Delta posted significant losses in 2018. Some of these losses had to be financed with new borrowed capital. Although the main plant in Germany is operationally profitable, the losses have caused Delta to enter a process of restructuring. The liquidity situation is satisfactory, and supplier invoices are discounted across the board. In addition, Delta has sufficient liquidity reserves.

In view of this overall situation, Delta commissioned a restructuring report at the end of 2018. This report aimed to provide a sustainable development plan for Delta, considering the closure of the France and Finland locations. Both plants were closed in the 2019 financial year.

The restructuring report was completed in July 2019 and shows a positive continuation prognosis. It also classifies the scheduled repayments of bank loans as feasible if Delta implements various operational, business, and organisational measures. On this basis, the banks also signed a supplementary agreement to the syndicated loan agreement at the end of July 2019.

While the measures taken into account in the restructuring report to improve earnings were largely implemented according to plan in 2019, the sales volume for classic kegs is again declining, as discussed above. This has led to negative budget deviations and actual deviations in the operating result in 2019. Nevertheless, Delta followed the financial ratios (covenants) agreed upon with the banks as of December 31, 2019.

To ensure sustainable profitability in line with the market and to compensate for the decline in sales in the Beverage division, a large number of other measures to increase earnings are currently being worked on. These include process improvements, rationalisation projects and purchasing projects. In the 2019 financial year, a net profit of EUR 8.2 million (previous year: net loss of EUR 38.1 million) was posted. The operating result before income taxes and interest (EBIT) excluding special effects amounted to EUR 4.2 million in 2019 (previous year: EUR 6.9 million). The negative development compared to the previous year reflects the declining sales of classic kegs and the planned lower printing services for foreign subsidiaries.

The operating result was positively influenced by one-off effects totalling EUR 5.2 million (previous year: EUR –30.6 million). Costs were defined as unsustainable in several areas (e.g.,

severance payments and consultants who are clearly overcompensated) by changes in risk assessments at the foreign subsidiaries. These changes include the release of provisions for guarantees to cover costs in France and the reduction of value adjustments for intercompany receivables. Based on an operating EBIT of EUR 4.2 million, representing a return on sales of just under 3%, a total annual surplus of EUR 8.2 million (previous year: net loss of EUR –38.1 million) was achieved.

The company's total assets decreased slightly compared to the previous year and amounted to EUR 78.2 million (previous year: EUR 83.2 million). On the assets side, the decrease is mainly due to lower inventories. As no increase in tinplate prices was expected for the 2020 financial year, inventories were significantly reduced at the end of 2019. On the liabilities side, equity increased significantly by EUR 8.2 million to EUR 9.7 million. Provisions fell significantly to EUR 13.0 million (previous year: EUR 18.8 million). The main reason for this is the reversal of unnecessary provisions, for example, for guarantees to cover costs in France.

Liabilities were reduced to EUR 55.6 million (previous year: EUR 62.8 million). The reasons are lower liabilities to banks of EUR 21.6 million (previous year: EUR 24.2 million) and lower trade payables of EUR 16.9 million (previous year: EUR 20.1 million). The main reason for the latter development is the low number of tinplate additions at the end of 2019.

In 2018, a new syndicated loan was concluded. This loan provides for lower repayment instalments to enable additional, sustainable investments. In addition, Delta was granted a working capital line totalling EUR 12.5 million, which was valued at only EUR 2.5 million as of the balance sheet date. The interest-subsidised investment loan will continue to be repaid as planned. Additionally, an amendment agreement to the syndicated loan agreement was signed in July 2019 and defined new covenant agreements given the findings from the restructuring report.

Delta is mainly financed by the following means. First, the company holds shareholder loans of EUR 10.7 million, which can generally only be withdrawn to a limited extent. EUR 10.6 million of these loans are subject to a disbursement block until the beginning of 2022. The amounts that cannot be paid out are subject to subordination. Second, Delta is financed by a syndicated loan agreement consisting of a repayment loan of EUR 22.5 million and a revolving credit line of EUR 12.5 million, of which EUR 0.2 million are used to secure guarantees. The

company's bank balance remains at the previous year's level of EUR 5.3 million. In addition, there are still factoring activities with a major customer from the Beverage division.

As in the previous year, only EUR 2.5 million of the working capital line was used. As a result, a free line of EUR 9.8 million was available. The company has liabilities to banks amounting to EUR 21.6 million (previous year: EUR 24.2 million). The reduction since the previous year results from the scheduled repayments of the syndicated loan agreement and the KfW loan.

In 2019, Delta had an average of 662 employees (previous year: 648). The increase compared to the previous year is mainly due to the reintegration of M-GmbH. Unlike in the previous year, the employees employed there worked for Delta during the entire 2019 financial year.

Product development in the Industrial area continued to focus on the optimisation and further development (or new development) of packaging for the chemical-technical industry. The projects focused on material cost savings through sheet thickness reduction under the general condition of almost constant performance of packaging for dangerous goods and non-dangerous goods. Likewise, the requirement about more cost-effective purchased components and materials was developed and implemented through established validation processes.

The focus in the Beverage area was the implementation of new customer products and product changes based on the product development process. This process was carried out in compliance with the established quality assurance processes during all stages, from initial sample production to series release. In addition, with the aim of reducing the resources used, the degree of automation of semi-automatic manufacturing processes was increased using robotics.

In the 2019 financial year, the companies in France and Finland ceased operations and the employees there were cut. The additional financing requirement was generated by lending a property in Switzerland.

Delta currently sees the unpredictable developments because of the COVID-19 pandemic as a risk. Due to the environment shaped by the global spread of the coronavirus, a negative impact on business development in the 2020 financial year is to be feared. At the time the report was prepared, it cannot be reliably foreseen how much this risk will materialise. Delta

could be affected in two ways. First, it could be affected indirectly insofar as macroeconomic developments worldwide and in Europe are affected. Second, its business activities could be directly affected by sovereign measures. Due to quarantine measures, economic life can and has come to a standstill in many places. As a result of the burdens from the global spread of the coronavirus, Delta's sales and earnings targets may not be achievable depending on the duration of the crisis.

Until the end of March 2020, incoming orders and sales were largely unaffected by COVID-19. Delta only saw stronger effects in the Beverage area, because campaigns for the postponed European football championship were cancelled. Delta sees opportunities in the increased demand for packaging for disinfectants and milk bottles in Switzerland. Since the catering trade in Switzerland closed and the borders were sealed off, the demand for milk in Swiss supermarkets has increased. With the free time gained in the course of short time work in many companies, Delta is also hoping for greater demand for paints and varnishes in hardware stores and a corresponding increase in its can sales.

While all suppliers have guaranteed continuous deliveries until mid-March 2020, there are delivery bottlenecks for various articles due to the ordered company closings in Italy. Delta is currently working on alternatives to ensure that deliveries to customers continue to be on time. Other potential effects of the virus are difficult to predict due to the daily new information on the topic. Delta is preparing itself to be able to act in the event of declining sales. This includes the preparation of short time work and the development of scenarios with lower sales and income. These scenarios are regularly discussed with the syndicate banks to be able to obtain repayment suspensions, waivers for key financial figures or additional government-subsidised loans if necessary.

Apart from that, the market is generally stable and offers little chance for growth. In some cases, this is accompanied by rising purchase prices and wage increases that are collectively agreed upon, which can only partially be passed on to customers. This fact has been considered in Delta's ongoing implementation of various rationalisation projects.

Delta's main opportunity is that the closure of the two loss-making plants abroad has stopped the outflow of liquidity to these companies. The focus of the entire management team is on the Delta companies that are classified as sustainable. Measures have been taken to return

the last plant in Great Britain to profitability, which produced a loss from the Group's point of view. Delivery reliability and product quality were already significantly increased in the 2019 financial year, and cost-cutting measures were also implemented. To compensate for the reduced sales volume due to the plant closure in Finland, around 15% of the workforce at the English subsidiary was cut in 2020. In the medium term – subject to possible negative effects from the COVID-19 crisis – Delta expects growth in both the UK and the US export markets, as it has become a more attractive business partner thanks to its significantly improved local performance.

Due to its operating losses abroad, the closure of the French and Finnish production facilities, various one-off effects and the resulting liquidity requirements, Delta was no longer able to meet the financial ratios agreed upon with banks from December 2018 to June 2019. The credit institutions provided waivers for these deviations up to and including the second quarter of 2019. In this context, a restructuring report was drawn up in 2019. The report establishes that the company will be refinanced by the end of the restructuring period in 2021 and that no postponement of the contractual repayments with the banks is necessary. On this basis, the first amendment agreement to the syndicated loan agreement was signed on July 26, 2019, redefining the key financial figures (covenants).

In particular, due to the general market situation in Germany, the sales volume presented in the restructuring report for the 2019 financial year could not be achieved. Accordingly, Delta's operating EBIT in Germany in 2019 – and thus also in the entire Delta Group – was well below budget. However, as of the balance sheet date December 31, 2019, it was still within the agreed financial ratios.

Delta expects the liquidity situation to continue to be satisfactory in 2020 and beyond and is confident that the company will be able to meet the key financial figures agreed upon with the banks. For this, it is necessary that the planned moderate growth can be achieved in the remaining business and further savings measures can be implemented. The prerequisite for this is that the (so far only minor) effects of the COVID-19 crisis on Delta will not have a significantly negative effect on the company in the further course of the financial year.

As part of corporate planning for 2020 and the following years, Delta identified recognisable risks, their probability of occurrence and corresponding countermeasures based on the

implemented risk management system. Delta conducts quarterly monitoring and, if necessary, will reassess the risks described in the risk assessment.

Accordingly, there are no significant price changes, defaults or liquidity risks that are not considered in Delta's budget; the budget also includes all risks from cash flow fluctuations with a probability of occurrence of over 25%. Delta does not use any derivative financial instruments beyond the usual hedging of financial risks.

Delta is the borrower of a syndicated loan agreement to finance the group of companies, which is still in a restructuring phase triggered primarily by the loss-making companies abroad. A restructuring report for Delta prepared in July 2019 assumes a positive continuation prognosis. The strategic, economic, and organisational restructuring measures specified in the restructuring report are to be implemented before the end of 2021.

Due to the declining business in the Beverage division, the targets set out in the restructuring report could not be achieved in the 2019 financial year. Through additional measures, Delta is developing within the framework of the financial ratios (covenants) defined with the banks. The continued existence of Delta depends on the Delta Group fully implementing the restructuring measures and adhering to the agreed financial key figures (covenants) in the forecast period. It also depends on the Delta Group's financial partners' continued operation in accordance with the contract or agreement, even if the COVID-19 pandemic has negative effects.

Without considering the effects of the COVID-19 pandemic, Delta has assumed that external sales will increase slightly compared to the 2019 financial year. Delta is budgeting for declining sales in the Beverage division because a major customer has announced that it will make fewer purchases in 2020 due to pull-forward effects. However, Delta assumes that it will be able to achieve slight growth in the Industrial division. Supported by successive cost-cutting measures, Delta expected an EBIT of around EUR 6 million adjusted for special effects in the 2020 financial year (subject to possible negative effects from the COVID-19 pandemic). Even after interest and taxes, the company expected a clearly positive result. A continuous improvement in the earnings situation is expected for the following years. Whether and to what extent the COVID-19 pandemic will affect Delta's earnings and liquidity is difficult to predict.

Critical case reflection: Delta

Delta is a family-owned company with several shareholders and has been led by non-family managers for three decades. The current CEO, who has held this role for three years, completed a technical degree and has already gained experience in several large companies abroad. In addition to its two German locations, the company has further production sites in Austria, Hungary, England, and Switzerland. Delta exports to Southeast Europe, Scandinavia, the Netherlands, Italy, Russia, the United States, and India.

In the Industrial segment, Delta produces tinplate packaging for industry, from the smallest containers with 50ml content to large containers with 33l content. One of the company's best-known products in the beverage segment is a five-litre beer keg with a built-in tap. Delta produces several variants of these barrels, and they are accepted by numerous national and international breweries. The company is the world market leader in the development, production, and sale of these 5-litre tinplate drums. In its print shop, Delta prints sheet metal for its own use (packaging) and completes contract printing for other companies and other products, such as jewellery boxes and posters.

In 2015, four plants in Switzerland, France, Finland, and the United Kingdom were taken over from a competitor. Meanwhile the sites in France and Finland had to be closed. The company is going through tough restructuring measures with significant staff cuts. This is possibly the reason for the large discrepancy between the number of employees stated by Delta in the interview and that stated in the documentary information. In the interview, Delta stated it had 900 employees whereas the documentary information indicated 662 employees. Moreover, Delta undervalued their internationalization ratio and mentioned a revenue of EUR 180 million. However, the documentary information reports an internationalization ratio of 42% and a total revenue of EUR 152 million. The documentary information is considered more relevant because it is certified by an auditing company.

Despite the higher internationalization ratio, Delta's current CEO avoids FDI because of a lack of expertise: 'But I also think that when you see how large corporations work, I mean, I've been here for three years, but there is also a lack of the appropriate know-how to carry out such an acquisition or to say that we are going to build a new plant in the USA. I wouldn't trust myself to do that at the moment, simply because of the lack of know-how.'

Related to that expertise, L says: 'And also, the question of whether companies of this size [SMEs] can acquire employees who are given internationalization as a task; or whether they [employees with expertise] would rather go to larger companies'. By definition, Delta is an MNE, but it is a family-owned and has the mindset more typical of a medium-sized company. Further data gained in the interviews correspond to the documentary information and produce a predominantly consistent representation (see Table 4.7).

Delta	Interview information	Documentary information	Critical reflection
Annual revenue (€million)	180	152	152
Balance sheet total (€million)	no data	78	78
Headcount	900	662	662
Size category	MNE	MNE	MNE
Internationalization ratio(%)	only estimated by interviewee: 20	42 thereof about 38 EU and about 5 rest of world	42 thereof 38 EU and about 4 rest of world
Age (years)	150	150	150
Family manager / family-owned	no - for 3 decades non-family managers/ yes	no data	no - for 3 decades non-family managers/ yes
Packaging type	metal	metal	metal
Internationalization motives	profit advantage, saturated home market	no data	reactive motives seems to dominate: unsolicited orders, market-seeking
Market selection	Austria, Switzerland, UK, Hungary, Netherlands, Eastern Europe, Italy, Scandinavia, Slovenia, Balkans, USA, India	FDI in Austria, Switzerland, UK, Hungary; closed location in Russia, Finland, France	Austria, Switzerland, UK, Hungary, Netherlands, Eastern Europe, Italy, Scandinavia, Slovenia, Balkans, USA, India
Entry mode	export and FDI	export and FDI	export and FDI
Pace and time	first FDI over 25 years ago, over 100 years since inception	no data	first FDI over 25 years ago, over 100 years since inception
Managerial internationalization competencies (incl. sociocultural aspects)	Current CEO worked for foreign corporations, he is with the company for three years	no data	extensive level of managerial internationalization competencies, formal education (MSc. equivalent) and intercultural competencies exist
Financial and personnel resources	lack of financial resources due to mismanagement with former acquisitions and greenfield operations; lack of expertise related to greenfield operations	no data	lack of financial resources due to mismanagement with former acquisitions and greenfield operations; lack of expertise mainly related to greenfield operations
Disruptive challenges	metal is perceived as sustainable raw materials, sustainability trend has a positive impact	macroeconomic development and quarantine measures caused by Covid-19 pandemic could cause negativ affect	metal is perceived as sustainable raw materials, sustainability trend has a positive impact
Industry factors	European market is extremely competitive with excess capacity; consolidated customers and suppliers; conservative industry	European market is extremely competitive with excess capacity; consolidated customers and suppliers; conservative industry	European market is extremely competitive with excess capacity; consolidated customers and suppliers; conservative industry
Products	very little innovation from the product (tinplate can) and customer perspective, conservative market.	product development is mainly driven by optimisations e.g. material cost savings, thickness reduction, increasing degree of automation	scalable, homogeneous, no innovations

Table 4.7 Delta – case reflection interview and documentary information.

(5) Case study Epsilon

Documentary information: Epsilon

Epsilon is a medium-sized family-owned company in western Germany that has been manufacturing flexible paper packaging for more than 125 years at its single site. Bags and pouches are its main products today. Production takes place under strict quality specifications. Epsilon supplies products made of paper, film, and composite materials to customers throughout Europe and the world. The company manufactures packaging for manual, semi-automatic and fully automatic processing and is active in many industries. They supply food retailers with packaging for baked goods, snacks, fruit and vegetables, sausage and cheese, plants, e-commerce products, textiles, and cutlery.

In 2019, Epsilon achieved sales of EUR 36.2 million, which is 5.3% above the previous year's sales. The incoming orders were satisfactory. Both sales and incoming orders increased significantly in the second half of the year after the first half of the year fell short of expectations. The continuously advancing alignment of the product portfolio towards special items with higher unit prices, as well as the acquisition of further customers with newly developed products, remain the basis of this increase in sales.

As in previous years, the focus of production was on the development of technical equipment to further optimise quality and productivity. As an additional priority, the new and further development of products has been an essential part of technical development. The occupancy rate was above average in the second half of the year, while it was below average in the first half of the year. The peaks were absorbed by extra shifts and additional staff from temporary employment agencies.

The price development in the procurement market for bleached paper raw materials, film and auxiliary materials rose inconsistently in the 2019 financial year. While paper decreased, film remained largely stable, and auxiliary materials increased in some cases. Procurement was problem-free during the year.

The total investment in fixed assets in the reporting year was EUR 812 thousand (previous year: EUR 1.371 million). This investment is primarily divided between the acquisition of machines and machine-related tools (EUR 324 thousand) and other operating and office

equipment (EUR 171 thousand). The off-balance-sheet investments amount to approximately EUR 611 thousand and are primarily divided between machines (EUR 383 thousand) and vehicles (EUR 228 thousand).

Significant investments in terms of amount were financed through leasing, and the remaining investments were financed from incoming payments using the current account line.

As of December 31, 2019, the company employed a total of 157 people (previous year: 152) plus 21 trainees (previous year: 23) in the 2019 financial year.

The balance sheet total increased by EUR 1.469 million compared to the previous year. The proportion of fixed assets in relation to the balance sheet total fell from 33.5% in the previous year to 27.9%. The total of property, plant and equipment decreased by EUR 177 thousand in absolute terms, despite Epsilon's investments in these areas. As of December 31, 2019, there were leasing contracts for property, plant and equipment not recognised on the balance sheet, with acquisition costs totalling EUR 7.789 million (previous year: EUR 7,616 thousand).

The relative share of short-term assets increased from 66.5% in the previous year to 72.1%. This is due to a significantly higher level of receivables.

The company was able to meet its payment obligations at all times within the framework of incoming and outgoing payments from customers and suppliers as well as available overdrafts. Epsilon's financial obligations arising from deliveries and services were met, as agreed, with the deduction of a cash discount through timely payment. Receivables were mainly received within the agreed payment terms, with the exception of negligible bad debt losses.

The cash flow from operating activities according to DVFA / SG amounted to EUR 1.480 million in the 2019 financial year (previous year: EUR 1.670 million).

The company prepares a detailed, monthly-based earnings plan for each financial year. The degree of target achievement for the individual items in the income statement is monitored on a monthly basis.

The sum of sales revenues and changes in the inventories of finished and unfinished products (i.e. total output) increased by 4.1% in 2019 compared to the previous year.

Personnel costs have increased significantly due to the need to hire employees during the year and the increase in the annual vacation entitlement. Due to investments, depreciation increased significantly to EUR 938 thousand (EUR 835 thousand). Other operating expenses increased by a total of EUR 732 thousand. In particular, cost of facilities increased by EUR 201 thousand due to the necessary building expansion. The cost of goods delivery increased by a total of EUR 248 thousand, some of which could be passed on to customers. Finally, the costs of repairs and maintenance increased by EUR 148 thousand.

The net income for the 2019 reporting year was EUR 542 thousand (previous year: EUR 898 thousand). The forecast of the previous year was thus achieved. Overall, the economic situation can still be assessed as positive.

The following assumptions about future developments and the resulting opportunities and risks are made to the best of Epsilon's knowledge and are subject to uncertainty. It is also assumed that the company will exist for an indefinite period (going concern) and that the overall economic situation in the relevant procurement and sales markets will not change significantly in the medium to long term.

As the company primarily produces thin (i.e. very light) packaging, changes due to the general discussion about too much packaging, and especially too much plastic packaging, are likely to be positive insofar as there is enough potential to replace heavier packaging. The German Packaging Act (VerpackG), which came into force on January 1, 2019, continues to unsettle many of Epsilon's customers. The effort required to obtain new and repeat orders is much higher due to the high demand for alternative, more sustainable material compositions.

This development will continue in the first quarter of 2020. Typical price changes on both sides of the market are assumed. For the most important materials, paper and foils, prices were stable at the beginning of the year or continuing to fall slightly.

The extent to which the COVID-19 crisis will affect raw material prices cannot yet be foreseen. In general, we expect the COVID-19 crisis to have a significant impact on global economic development. As a supplier to the food industry, we do not expect any negative developments in demand for Epsilon's products. Production stoppages due to sick employees represent a risk that is difficult to calculate, and Epsilon will try to counteract this with suitable measures.

Epsilon's market position continues to be consolidated, and the proportion of high-quality products, some of which were developed by Epsilon, is increasing at an above-average rate. For 2020, a total output of around EUR 40–42 million and a material cost ratio that is roughly the same as in the previous year is planned. In the first two months, total output and gross profit were still lower than expected due to new projects being postponed by customers. A positive result above the operating result of 2019 is still expected in 2020.

The company's development potential can still be assessed as very positive. Epsilon's solid and expanded customer structure, manufacturing competence, internal know-how about product innovations and high-quality products create opportunities for further growth in sales. Additional market developments in other European or non-European countries are actively pursued. Finally, Epsilon regularly analyses the risk of major customer dependencies using ABC analyses.

Education and training continue to have a high priority in personnel development. Investments in this area gradually bring the desired results.

The liquidity situation is stable. The available current account lines are sufficient for Epsilon to continue to always meet its payment obligations in the future.

Possible default risks of essential receivables are considered by obtaining trade credit insurance. The default rates are currently insignificant. There are no currency risks because Epsilon invoices and purchases goods in euros. By constantly monitoring and assessing the procurement and sales markets as well as the political and legal framework, it is possible to react to relevant changes at an early stage. No environmental risks can be identified. Financial risks from damage events as well as liability risks are covered by insurance, and the adequacy of the company's insurance is continuously monitored. There are currently no identifiable risks that could jeopardise the continued existence of the company.

Critical case reflection: Epsilon

Epsilon's sole managing director has been with the company for 20 years and took over management from the owners – father and son – 15 years ago. About 20 years ago, the

company planned a strategic realignment with the focus on intensifying export activities. The managing director is convinced that an international background leads to a lower language barrier, and decision-makers are more open-minded. The interview data indicate that extensive internationalization competencies exist, for example, formal education by continuing education, further training, a year abroad, and awareness of sociocultural factors.

Today, Epsilon is mainly active in European markets but also has special products in countries outside Europe, such as New Zealand, Saudi Arabia, the United States, Canada, Cyprus, and the United Arab Emirates. The internationalization ratio is at a high level of 65%. Due to its manufacture of niche products and its market size regarding the product portfolio, for which the German market would be too small, internationalization is clearly a success factor for Epsilon.

The company strongly promotes its own young talent and staff. There is a lack of personnel resources, especially to secure multilingual employees who are proficient in languages other than German and English. The documentary information reports 21 trainees, which is consistent with the interview data that refer to the high priority given to personnel development through education and training measures.

Epsilon is certified according to the BRC Global Standard for packaging and packaging materials and has also been PEFC certified since June 2013.

The company is active in many industries and supplies food retailers with packaging for baked goods, snacks, fruit and vegetables, sausage and cheese, plants, e-commerce products, textiles, and cutlery. The price pressure and low level of product processing are extreme in Germany, where key customers are food retailers and discounters. With its highly processed products, Epsilon realises better prices abroad. Epsilon also specialises in innovations by means of its own technical development; it builds part of the technology itself to manufacture special, innovative products. According to Saridakis et al.'s (2019) terminology, Epsilon generates product and process innovations that are 'radical innovations' – they are novel to the market and industry. In the same way, the documentary information suggests that Epsilon has an increasing proportion of high-quality products, some of which they developed. Epsilon only works with resellers abroad. The company is currently not pursuing the idea of direct investment in foreign markets; it performs extremely well from its own know-how and

development, which it tries to protect to prevent the transfer of knowledge. Due to the current sustainability movement and the questioning of many types of packaging, Epsilon found success with new ideas. Correspondingly, expert R refers to the most important challenges for the GPI and, in particular, the public perception of packaging. In his industry analysis from 2012, he reported dealing with evolutionary trends. Today, he observes disruption, which has a different logic; processes are changed with an event. He claims: ‘The two most important disruptive challenges for the packaging industry today are digitisation—digital transformation and sustainability’. The documentary information reveals a high demand for more sustainable materials. Furthermore, the general discussion about too much plastic packaging has a positive effect on Epsilon because they can supply lightweight packaging to replace heavier packaging. Overall, the interview data coincide with the documentary information (see Table 4.8).

Epsilon	Interview information	Documentary information	Critical reflection
Annual revenue (€million)	below 50	36	36
Balance sheet total (€million)	-	12	12
Headcount	below 250	157	157
Size category	SME	SME	SME
Internationalization ratio(%)	about 65	about 65	about 65
Age (years)	130	over 125	over 125
Family manager / family-owned	no - for 15 years non-family manager/ yes	no data	no - for 15 years non-family manager/ yes
Packaging type	plastic, paper	paper	plastic, paper
Internationalization motives	market-seeking (small home market, niche products), unsolicited orders	no data	market-seeking (small home market, niche products), unsolicited orders
Market selection	focus on Europe and worldwide with special products: Israel, USA, Canada, United Emirates, New Zealand	no data	Europe and special products worldwide to Israel, USA, Canada, United Emirates, New Zealand
Entry mode	export	no data	export
Pace and time	15 years ago, over 110 years since inception, strategic realignment 20 years ago	no data	15 years ago, over 110 years since inception, strategic realignment 20 years ago
Managerial internationalization competencies (incl. sociocultural aspects)	convinced that an international background leads to lower language barrier and decision-makers are more open-minded	no data	extensive internationalization competencies: formal education by continuation education and further trainings, one year staying abroad; aware of sociocultural aspects
Financial and personnel resources	lack of personnel resources; difficult to get multilingual employees beyond German and English; education and training measures have high priority in personnel development	no data	lack of personnel resources; difficult to get multilingual employees beyond German and English; education and training measures have high priority in personnel development
Disruptive challenges	the pace of product changes and developments is at least 20 times faster than it was 10 years ago; currently developing products on a weekly basis; strong R&D focus with six engineers, necessity to differentiate ourselves	general discussion about too much plastic packaging; positive effect because enough potential to replace heavier packaging; high demand for more sustainable materials; Covid-19 affects global economy but no major impact on demand for Epsilon's products	general discussion about too much plastic packaging; positive effect because enough potential to replace heavier packaging; high demand for more sustainable materials
Industry factors	price pressure and low level of product processing is extreme in Germany, customers are food retailers and discounters; abroad higher processed products at better prices	no data	price pressure and low level of product processing is extreme in Germany, customers are food retailers; abroad higher processed products at better prices
Products	innovative products, innovative automation technology, niche markets, service: commercial and technical support	increasing proportion of high-quality products, some of which were developed by Epsilon	market-specific, innovative and differentiated products, process innovation, niche markets, service offering

Table 4.8 Epsilon – case reflection interview and documentary information.

(6) Case study Zeta

Documentary information: Zeta

Zeta is primarily active in two main business areas: container glass and PET preforms and containers. In the container glass business division, the focus of production and sales is on wine, spirits, beer, sparkling wine, and food segments. In the PET business division, the focus is on preform and container production. In addition, Zeta also operates a logistics company and a recycling company. These companies have little external business volume, mainly providing services for group companies.

Since the 1970s, Zeta has intensively considered the idea of using waste glass as a secondary raw material, and in 2002 the group has installed the mill's first waste glass processing plant. In the 1990s, non-returnable PET found its way into the soft drink sector and initially replaced reusable glass packaging. The two managing directors made the strategically important decision to enter the PET business. The know-how necessary to produce PET preforms was gained by participating in a Swiss company. With this partner's well-functioning network and its own trained specialists, Zeta participated in the highly successful one-way PET bottle in Germany in 1999 and 2000. Zeta's cooperation with a Swiss company ended in 2001 with the sale of its shares.

At the end of the nineties, Zeta put the world's first industrial coating system that was fully integrated into an existing production line into operation and set additional standards in terms of innovation. As a result of these innovations, glass packaging is now up to 30% lighter or 40% stronger.

At the beginning of the new millennium, Zeta showed increased commitment to the Central and Eastern European markets. In 2006, a branch was founded in Slovakia, which strengthened sales and thus Zeta's position in Eastern Europe; this branch is also used as a forwarding company. From its Slovakia sales office, Zeta serves customers in Slovakia, Hungary, the Czech Republic, and Poland.

Since the liquidation of its South African subsidiary, Zeta is only represented abroad in Austria with a non-operating company and in Slovakia with an independent sales office. In 2006, Zeta expanded its product portfolio to offer PET containers in one- and two-stage processes. In

2011, together with a supplier, Zeta developed a hot melt material preheater that saves a considerable amount of energy and CO₂. In the same year, Zeta expanded its product portfolio to include the food sector and secured its position in the beer bottle market. The commissioning of a service centre followed in 2015, where bottles and jars with clip closures are fully assembled in a highly automated process and then packed in boxes and cartons and delivered to the bottler. In 2016, the company established a dominant position in the spirits segment by acquiring another glasswork, expanding its product portfolio in the food, water, and wine markets.

In the past financial year, Zeta closed with only a slight increase in sales of 0.9% to EUR 427.9 million (previous year: EUR 424.2 million). In contrast to domestic sales, foreign sales developed negatively. Despite the COVID-19 pandemic, the company recorded a sales increase of 4.3% in Germany. Of the container glass sales, 59.7% came from Germany and 40.3% from abroad. Almost all segments contributed to the positive sales development in Germany.

The downturn in the global economy in the wake of the COVID-19 pandemic and increasing criticism of plastic packaging also affected plastics production and processing. In the PET preform / container business area, it was not possible to build on the positive developments of previous years due to the declining market. The lower raw material prices and weaker sales led to a decline in sales. In the 2019/20 financial year, sales fell significantly by 15.3% compared to the previous year's figure, falling from EUR 101.3 million to EUR 85.8 million (2.19 billion units to 1.92 billion units). 81.1% of the sales came from Germany and 18.9% from abroad. Domestic sales fell by 16.4%, and sales abroad fell by 24.7%.

In the 2019/20 financial year, Zeta achieved consolidated sales of EUR 516.4 million (previous year: EUR 528.2 million). Compared to the previous year, this means a decline in sales of 2.2%. In the process, EUR 327.9 million were generated in Germany. As in previous years, most domestic sales came from the container glass business area. Foreign sales accounted for 36.5% of total sales. As in the preceding year, the remaining freight and recycling sales of EUR 2.7 million from external sales (after consolidation) are rather low from the group's perspective and fell by 1.7%.

Zeta invested a total of EUR 174.1 million in intangible assets and property, plants and equipment in the 2019/20 financial year (previous year: EUR 144.6 million). At EUR 163.1 million, most of the investments were made in the container glass business area. The focus of the investments was on the construction of a new plant at the 'S' location and general repairs of a melting furnace at the 'G' location.

At the 'E' location, investments were primarily made in the construction of a new melting furnace and in expanding capacity. In addition, a new packaging hall and new office and social rooms were built in location E. The largest single investment at the main site concerned the construction of a recycling centre. Investments of EUR 9.2 million (previous year: EUR 9.8 million) were made in the PET preform and container business area. These investments mainly relate to the construction of a new PET recycling plant and the conversion of existing warehouses. In the year under review, Zeta's Logistics section invested primarily in replacing the vehicle fleet. The investments in fixed assets were financed from the cash flow and new bank liabilities.

Research and development in the container glass business division is carried out by Zeta's R&D department through its long-standing membership in the research association International Partners in Glass Research (IPGR) and through cooperation with various universities and research institutes. Zeta has joined the glass technology alliance initiated by the University of 'B' in order to conduct research and development on certain topics together with the university and other industrial companies. In addition, Zeta is participating in the project initiated by the European container glass trade association (FEVE) for a new, considerably CO₂-reduced glass melting technology.

All important earnings and earnings figures are below the previous year's level. Nonetheless, Zeta's position with respect to assets, finances and earnings can still be described as healthy and stable. Zeta's container glass business is broadly based; there is no significant dependency on a specific market segment. With the beer, wine, spirits, sparkling wine and food divisions, Zeta achieves approximately 90% of the segment sales; the three largest market segments are wine, beer and spirits. The likelihood that the sales and turnover figures of these or all of the market segments Zeta serves will collapse at the same time is assessed as low. Overall,

Zeta delivers less than 4% of its technical capacity to its largest customers. Deliveries are largely secured by credit insurance.

Zeta's business in the division of PET preforms and containers is more dependent on individual customers and sub-markets than the glass division. The planned expansion of the PET container business is intended to reduce dependency on the preform business over the next few years. The two business divisions of container glass and PET (each with a share of more than 5% of sales) do not share any major customers. Therefore, the Group's dependency on individual customers is reduced by operating both business divisions.

Zeta sees above-average procurement risks in the area of the constant supply of recycled glass. In the recent past, Zeta has seen numerous attempts and actual successes to reallocate the amount of packaging waste to be distributed. On the one hand, there is the failed attempt by the 'R' to take over 'D'. On the other hand, 'L' placed its own dual system on the market with 'P'. Insufficient quantities of waste glass can lead to increased use of primary raw materials after Zeta's stocks have been depleted, and excessively high delivery quantities can lead to problems with absorption and storage capacity.

The company also sees risks in energy supply. On the one hand, Zeta must deal with the potentially high volatility of prices. On the other hand, the firm foresees problems with its electricity supply due to investments in line construction that are not consistently implemented promptly. In addition, Zeta does not understand the changed attitude of the German federal government and other European state players regarding Nord Stream 2. As an energy-intensive company and a part of society, Zeta believes that Europeans should be interested in the broadest possible supply that is not based on individual energy sources. In addition to the completion of Nord Stream 2, this also includes the construction of a German LNG terminal and the expansion of renewable energy sources.

The availability of qualitatively adequate cargo space at competitive prices has recently decreased. Therefore, Zeta is working on reactivating the siding at its main location. Unfortunately, with the introduction of the truck toll on federal highways, the legislature made transport costs even more expensive. Investments in transport infrastructure continue to be systematically neglected. The CO₂ tax on transports from 2021 (and increasing in the following years) will exacerbate this situation.

Currently, no risks of insufficient liquidity are foreseen. Net liquidity has deteriorated compared to the previous year due to high investments. These funds were used to expand Zeta's capacities in glass and PET in the 2019/20 financial year. As we reported in the previous year, Zeta has changed its short- to medium-term investment policy due to the current long-term low interest rates. This creates both risks and opportunities related to exchange rates, which unfortunately had a negative impact on Zeta's consolidated financial statements.

In the 2019/20 financial year, a mix of medium- to long-term loans was taken out from two banks. As in the past, these loans have a fixed interest rate. The Zeta companies in the container glass and PET business invoice their sales exclusively in euros. This does not result in direct currency risks in the classic sense. Particularly noteworthy is Zeta's position in the South African rand, which stems from the sale of an investment and shows volatile price developments.

The group relies on qualified employees at all its locations and competes with numerous companies for appropriately trained staff. At the 'T' location in particular, the company is less and less able to attract sufficient workers and trainees. In Germany, the necessary availability of potentially deployable workers is ensured through cooperation with universities, supervision of internships and theses as well as training in the individual companies. Zeta also recruits new employees in other European countries. Several groups are now deployed in the factories, and familiarisation and the necessary integration outside the workplace are progressing. A final assessment of these measures cannot yet be made.

The risks in the IT area include system failure risks, inadequate system availability and external attacks. The goal of minimising risk equally for all applications necessitates a multitude of approaches. The central SAP R/3 system for all German locations is provided by the group parent company and includes redundancy.

Production creates process-related risks that can pollute the environment. In order to minimise these risks and continuously improve the environmental performance of Zeta, human resources have been made available and the organisation has been modified as necessary. Environmental goals are set up on a regular basis, from which concrete environmental protection measures are derived and then implemented in detail.

With regard to climate protection, Zeta has been systematically addressing the ecological footprint of its products and services for some time. After continuous improvement from year to year, the firm was able to achieve its goal in small steps during the past financial year. The achievement of this goal involved the implementation of many individual measures. With the Eco2Bottle concept presented for the first time in the current financial year, Zeta is sending a clear message to the market that there can also be climate-neutral glass packaging. If one follows the path of avoiding before reducing and provides a high degree of authenticity and honesty, it quickly becomes clear that only a combination of these three approaches can bring us closer to the goal.

The national and international political risks are high. For example, the discussion about the renewable energy law (EEG) and the question of a ban on various plastic products in the EU and its supposed impact on packaging made of PET pose potential risks. The discussion in connection with climate change, which has intensified in recent years, and the resulting – and increasingly unpredictable – decisions of the German and European governments, make medium- to long-term planning very difficult. Nevertheless, Zeta does not rate the overall risk situation as threatening.

For the 2020/21 financial year, the company anticipates increasing sales, with a slightly disproportionate increase in sales in the container glass business division. Nevertheless, Zeta will not achieve its goals. In the business area of PET preforms and containers, Zeta will fall far short of the previous year's sales in fiscal year 2020/21. This reflects lower raw material prices in relation to the previous year and the related sales prices as well as falling sales volumes because of the COVID-19 pandemic. In view of the strongly fluctuating raw material and energy prices, the forecast for the 2021/22 financial year is very difficult. Overall, Zeta faces increasing competition in glass and PET. Nevertheless, the group expects slightly higher sales in container glass in the coming 2021/22 financial year.

Zeta's early risk detection system has the task of identifying and evaluating risks from the macroeconomic environment and the situation in the industry in a timely manner so that countermeasures can be taken promptly if necessary. It primarily consists of monthly reporting, controlling and the internal monitoring and control system.

Critical case reflection: Zeta

Zeta is a family-owned group of companies with a history that goes back around 450 years. The annual reports reveal a holding structure with one holding company and ten legal subsidiary entities. Zeta is active worldwide in the glass sector. However, mainland Europe is the core market. The most distant foreign market that Zeta supplies in the plastics sector is the USA. Zeta has been exporting to almost every continent for decades as outlined in the interview. The company develops and manufactures individual packaging concepts made of glass and PET for both the beverage and food industries. Zeta's USPs abroad are customised glass products.

In the interview data, Zeta reports 2,100 employees and an internationalization ratio of 40 to 50% in the glass division and 15 to 20% in the plastics division. In contrast, the documentary information indicates 1,933 employees and an internationalization ratio of 33% in the glass division and 3% in the plastics division. Even in Zeta's annual report, there are conflicting statements about foreign and domestic sales. On page two, they report foreign sales of 40.3% (glass) and 18.9% (plastics), and on page 11, they maintain foreign sales of 33% (glass) and 3% (plastics).

In the documentary information, Zeta reports that they have to cope with a lack of qualified personnel, the risks in energy and cullet supply, and the availability of cargo space at competitive prices. In the interview, Zeta emphasizes highly competitive pressure and high capital expenditure requirements regarding industry factors. Furthermore, the loss of reputation of plastic packaging and the impact of the Covid-19 pandemic had a strong negative impact on sales, as stated in Zeta's annual report.

Besides the formal education of the two manager-owners and their international experience due to the previous joint venture in South Africa, Zeta states that they lack expertise and that they prefer German- and English-speaking countries for FDIs. Even with good financial resources, Zeta is risk averse. This observation is in line with Achtenhagen's (2011) conclusion that SMEs may be able to internationalize but lack the willingness and/or competence to do so. Furthermore, personal international orientation can reduce the perceived fear of entering markets abroad. Andersson et al. (2014) argued that mature industries are more structured, their networks are already established, resulting in stability and slow growth. Firms in this

setting are constrained by the industry structure, and the internationalization process is incremental and begins later. Overall, the combination of the documentary information and the interview data provides enhanced insight into the case company (see Table 4.9).

Zeta	Interview information	Documentary information	Critical reflection
Annual revenue (€million)	550	528	528
Balance sheet total (€million)	no data	770	770
Headcount	about 2,100	1,933	1,933
Size category	MNE	MNE	MNE
Internationalization ratio (%)	40 - 50 glass and 15 - 20 plastic	33 glass and 3 plastic	40 glass and 19 plastic (interview and one corresp. entry in annual report)
Age (years)	no data	over 450	over 450
Family manager / family-owned	yes/ yes - two shareholders, 50% each	no data	family managers and family-owned
Packaging type	glass and plastic	glass and plastic	glass and plastic
Internationalization motives	opportunity, market-seeking, accessibility	no data	opportunity, market-seeking, accessibility
Market selection	German- and English-speaking countries with stable legal system (in the case of a FDI); disinvest JV in South Africa, sales org in Slovakia	disinvest JV in South Africa, one sales subsidiary in Slovakia, non-operating company in Austria	German- and English-speaking countries with stable legal system for FDI; Europe is the key market
Entry mode	export, agents, sales office, joint venture, FDI (sales office)	joint venture, sales office	export, agents, sales office, joint venture
Pace and time	activities abroad for decades (30+)	no data	activities abroad for decades (30+)
Managerial internationalization competencies (incl. sociocultural aspects)	management has international background (worked abroad), selection criterion for FDI: German- and English-speaking countries	the current family managers graduated, one MSc, the second one MBA equivalent	moderate level of managerial internationalization competencies: some international experience; moderate level of sociocultural competencies: language barriers limit the choice of target markets for FDI
Financial and personnel resources	shortage of qualified personnel (language, legal expertise), financial resources are available, risk averse	R&D department, member of a research network, cooperation with researching universities and institutions	shortage of qualified and motivated employees, financial resources are available
Disruptive challenges	sustainability trend has a positive impact on glass; Germany's climate strategy threaten energy-intensive companies	loss of reputation of plastic packaging	sustainability trend has a positive impact on glass; Germany's climate strategy threaten energy-intensive companies
Industry factors	glass: price competition, investment-intensive, tied to a location with a large site infrastructure, concentrate a lot of know-how	investment-intensive	price competition which is counteracted with quality, consolidation tendency with an expectation of margin recovery
Products	commodity in glass and plastic; bespoke and niche products in oversea markets	container glass and PET preforms	scalable, homogeneous products; differentiated products for oversea markets; main business with commodities

Table 4.9 Zeta – case reflection interview and documentary information.

(7) Case study Eta

Documentary information: Eta

The company is a leading manufacturer of exclusive and individual packaging solutions like cardboard boxes and carrier bags as well as accessories such as hang tags or inlays for the branded goods industry in the high-quality consumer and luxury goods sector.

In addition to its locations in Germany and Hungary the company has two wholly owned subsidiaries in China and Hong Kong. These investments have proven to be an important instrument for binding our global customers to Eta.

Since 2014, the company has used solar electricity generation; an annual average of around 65% of electricity consumption is covered by its own power generation, and an average of about 190 tonnes of CO₂ are saved per year. As a paper processing company, Eta attaches great importance to recycling and wood and cellulose resources from sustainable cultivation. Moreover, Eta is FSC certified and works with certified partners.

The subject of development activity is innovative process development for the production of packaging materials based on paper and cardboard. With a team of highly qualified employees, customer requests and application technologies are innovatively developed and implemented in Eta's graphics and development department. Existing products are constantly further developed and adapted to meet customer demand and environmental requirements and to employ the latest technology.

Eta also works exclusively with suppliers to develop solutions for complex customer tasks, either in the raw materials or mechanical engineering sectors. Eta achieved its sales and earnings targets in the 2018 financial year and achieved a positive annual result. After a dynamic phase of restructuring in 2016/2017, the company is developing in a much more stable manner.

The following information on the earnings situation relates to the calendar year. Sales increased significantly in 2018 and are 37% higher than the previous year's sales. At the same time, the cost of sales ratio improved by 9%, which led to a significantly higher gross profit (+74%). In contrast, the operating costs including personnel costs rose by 10%.

The company's financial position has also stabilised compared to the previous year. Measures taken by the shareholder have also made a significant contribution to this stabilisation. The company has received a loan, and the shareholder has secured parts of the current account lines. As a result, the company met its financial obligations at all times. The balance sheet total increased slightly to just under 8.2 million EUR (previous year 8.0 million EUR). The company's equity has increased in line with the annual result. The balance sheet equity ratio as of the balance sheet date was 10% (previous year 8%).

The packaging industry offers huge growth potential, including in the area of consumer packaging. Eta assumes moderate growth in sales and earnings and expects a positive annual result. In a positive sign, the 2019 financial year started with a high order backlog. Significant growth impulses were seen for the Asian subsidiaries over the course of the year.

Eta faces a currency risk, which is offset by sales and purchases. The company is still very dependent on some major international customers. The planned – and in some cases already successful – increased sales activities are intended to further reduce this dependency.

Due to the high manual proportion of production, further processing capacities were built up in Eastern European countries and are still being expanded. The bad debt risk is covered by trade credit insurance; Eta also holds manufacturing risk insurance.

High-quality packaging is increasingly important in marketing; such packaging is sales-promoting, representative and reflects the overall appearance of preferred products and brands. Products made from paper and cardboard are predominantly based on renewable raw materials and recycled materials. They are in line with the strong trend towards more sustainability and greater environmental awareness.

With the production of sustainable and high-quality packaging solutions for a steadily growing market segment, Eta has achieved a good market position for further growth.

On the procurement side, Eta has a wide range of delivery options for both raw materials and merchandise. The company implements high quality standards through quality controls directly in the suppliers' production facilities as well as in the production facilities located on Eta's business premises. Subsidiaries are available for quality control in China and Hong Kong. In Hungary, this is done by Eta's sister company.

Eta counteracts the competition in the market by significantly strengthening its sales activities as well as through innovations, reliability and a high level of quality.

Since August 2017, Eta has held a 50% stake in a company that deals with the trade of neutral and individualised packaging. One focus of this company is on building up online sales, including in the B2C sector. Eta expects positive annual results for all subsidiaries in 2019.

Critical case reflection: Eta

Eta was founded over 160 years ago and is a medium-sized company with 90 employees. Eta's core business is the design, production, and trading of high-quality and exclusive paper packaging solutions. Its major customers include market leaders in the luxury goods and consumer goods sectors. Since the domestic market is too small for Eta's product portfolio, the company must be active in foreign markets. Eta's strategic focus on foreign markets began about 20 years ago after a strategic realignment initiated by the family manager. Asia is increasingly important as a sales market for luxury products. Therefore, it was an important step for Eta to present itself at a very high level in the Chinese market and thereby accelerate its sales activities in China. With its warehouse and logistics service in Germany and its subsidiaries in Hungary, China, and Hong Kong, Eta provides finished goods on demand from its subsidiaries at short notice, delivers them directly or takes over the storage of customers' packaging materials.

According to the interview data, Eta is active in France, Italy, Switzerland, UK and Asia, with an internationalization ratio of about 90%. Data on the internationalization ratio were not available in the documentary information. Furthermore, the interview data did not reveal that Eta went through a drastic restructuring process. This data emerged by reviewing the documentary information:

After a dynamic phase of restructuring in 2016/2017, the company is developing in a much more stable manner. The company's financial position has also stabilised compared to the previous year. Measures taken by the shareholder have also made a significant contribution to this stabilisation. The company has received a loan, and the shareholder has secured parts of the current account lines.

The company was family-owned until three years ago when it was sold to a German company that markets materials, media and machines for the manufacturing of print and advertising products. Eta is now managed by an external CEO who is Belgian. He has an international business background and formal education. The CEO previously worked for a German MNE in Germany. A good level of managerial internationalization and sociocultural competencies are assumed due to entry modes with higher commitment in several countries, including psychically distant countries. A shortage of personnel resources for internationalization transactions is observed, and financial risk related to internationalization decisions is carefully considered. Therefore, an incremental internationalization process is still preferred. The dominant industry factor is price competition, which is counteracted with operations abroad (where labour costs are lower) and by strengthening its sales activities, innovation, reliability, and quality. The documentary information reveals that Eta is in a good market position as paper-based products are perceived as sustainable. This assumption seems sound given the general consumer perception that paper, wood, glass and metal packaging is more sustainable than plastic packaging.

Apart from the information about the previous restructuring process, the interview data and documentary information are predominantly in agreement and draw a consistent picture about the case company's status (see Table 4.10).

Eta	Interview information	Documentary information	Critical reflection
Annual revenue (€million)	no data	10a 50	10 - 50
Balance sheet total (€million)	no data	8	8
Headcount	no data	92	92
Size category	SME	SME	SME
Internationalization ratio (%)	90	90	90
Age (years)	no data	140+	140+
Family manager/ family-owned	no ✓ no, until 2017 family managed	no ✓ no, until 2017 family owned	no ✓ no, until 2017 family owned
Packaging type	paper	paper	paper
Internationalization motives	Market-seeking	no data	Market-seeking
Market selection	France, Italy, Switzerland and Asia > that's where the customers are	no data	France, Italy, Switzerland, China; home market too small, therefore necessity to internationalize
Entry mode	export and gradually to FDI	export, FDI, subsidiary in China, Hong Kong, Hungary, JV in Germany	export and gradually to FDI, subsidiary in China, Hong Kong, Hungary, JV in Germany
Pace and time	activities abroad for 20 years, realignment by family-manager	no data	activities abroad for 20 years, realignment by family-manager
Managerial internationalization competencies (incl. sociocultural aspects)	management has international background, worked as a Belgian for a German MNE, formal education MBA, managerial internationalization competencies are evident	no data	high level of managerial internationalization competencies: experience in psychically distant countries; sociocultural competencies exist: multilingual, subsidiaries in Asia, East Europe; worked for a MNE in the past
Financial and personnel resources	lack of personnel resources to implement internationalization strategy	no data	shortage of personnel resources for internationalization; financial risk is a topic, therefore incremental internationalization
Disruptive challenges	sustainability trend, challenged by customers not only related to products but also logistics	The paper and paperboard products correspond to the strong trend towards more sustainability and a higher environmental awareness	sustainability trend, challenged by customers not related to product but also logistics; Eta benefits from the strong sustainability trend as paper is perceived as sustainable
Industry factors	price competition and therefore the countermeasure: operations abroad with lower labour costs	price competition and therefore the countermeasure: strengthening its sales activities, innovation, reliability, and quality; good market position due to the sustainable and high-quality products	price competition is counteracted with operations abroad due to lower labour costs, strengthening its sales activities, innovation, reliability, and quality
Products	luxury segment of paper bags: scalable, customised products, niche markets	luxury segment of paper bags: scalable, customised products, niche markets	luxury segment of paper bags: scalable, customised products, niche markets

Table 4.10 Eta – case reflection interview and documentary information.

(8) Case study Theta

Documentary information: Theta

Theta is one of the leading European manufacturers of polyethylene and polypropylene films as well as nonwovens and nets. Its portfolio ranges across sectors, from complete packaging solutions in the beverages, chemicals, petrochemicals, construction and home, food and feed, household, hygiene and care product sectors to the industrial processing, logistics, medical, agriculture and horticulture and automotive sectors.

Theta has 18 locations worldwide and is headquartered in western Germany. The company's legally independent subsidiaries are located in Belgium, Finland, France, Sweden, Vietnam, Egypt, the United States, and China; each has production and sales departments. The group of companies employs about 3,000 people and has a turnover of approximately EUR 800 million. Theta's internationalization ratio is about 60%.

In 2019, Theta was divided into three divisions to ensure close proximity to markets and customers despite its size and international presence. Each division was directly subordinate to a member of the Board of Management, which enabled faster decision-making processes in rapidly changing markets. The divisions include (1) Hygiene, Industrial Films and Nonwovens Division, (2) Packaging Division and (3) Agricultural Films and Nets Division. At the beginning of 2020, Theta converted its organisation into a functional operating model with three main areas: (1) Sales, Marketing & Product Development, (2) Operations & Procurement and (3) Support Functions. Each of these areas is directly assigned to a board member.

In order to further improve proximity to markets and customers, the Sales, Marketing & Product Development division is divided into product segments and sales regions.

First, the Hygiene segment covers the manufacture of embossed polyolefin films and laminates for products in the hygiene and medical sectors. With the development of a wide range of films and nonwovens, Theta has established itself as a leading provider of innovative hygiene products.

Second, the Packaging & Industrial segment includes several product areas. In the consumer packaging area, Theta manufactures and delivers multipack films to well-known companies in

the food and beverage industry all over the world. Theta's multipack shrink films are designed for the packaging of all types of bottles and containers, regardless of size and material. In the industrial packaging area, Theta produces individual packaging for industry. This division offers a wide variety of types of sack packaging, from cross-bottom sacks to valve box sacks and self-venting sack packaging. The portfolio also includes shrink films and stretch hoods for transport and pallet protection, mono- and coextrusion polyolefin films for a wide variety of special applications and markets and nonwovens for the hygiene industry and industrial applications.

Third, the Agricultural Films and Nets segment specialises in high-quality film and round bale net solutions for the agricultural sector and offers system solutions for agriculture, the forest industry and horticulture.

In addition, separate sales organisations for North America and Asia-Pacific are being established in order to better implement the excellent growth opportunities in these regions. Different courses of economic development in the various customer industries have a stabilising effect on the course of business of Theta, which is increasingly geographically broad. While the core sales market for Theta is Europe, sales markets in Asia and North America are also playing increasingly important roles. Other regions and countries are also supplied from the above-mentioned locations.

The main external factors influencing Theta's position concerning assets, finances and earnings are the raw material prices for polyethylene and polypropylene and customer demand, which is partly influenced by the overall economic situation. The regulation of certain plastics, particularly in the area of consumer packaging, can also affect Theta's business.

Each segment has networked development teams in the Theta Group that are centrally coordinated. The development work focuses mainly on the user-related development of plastic films and nonwovens in the existing divisions.

In some cases, specific customer requests are considered during development. On the other hand, Theta anticipates future needs, develops innovative products and thus sets market trends. Sustainability is one focus of research and development, as this is becoming

increasingly important for the consumers and customers of Theta. Theta has developed an excellent reputation among customers in this area.

Theta is also working on process innovations to continuously improve quality and efficiency while optimising cost structures. In addition to reducing the use of materials and avoiding waste, Theta has made advances in the use of novel materials.

The purchase prices for polyethylene fell noticeably in 2019; they were 4.9% lower at the end of the year compared to the end of 2018. On average in the 2019 financial year, the price for LDPE fell by 6.8% compared to the same period in the previous year.

In the management report of the previous year, Theta forecasted a slight increase in sales of around 1%. However, the sales volume fell to 141,309 tonnes in contrast to the previous year (previous year: 147,764 tonnes). Theta assumed a higher operating result for 2019 than in the previous year (EUR 20.1 million). The EBITDA in 2019 amounted to EUR 9.1 million (including special effects) and is therefore below the expected result of EUR 25–30 million.

Sales targets could not be met in all areas. There were several reasons for this. In the hygiene sector, the previous year's sales could not be maintained, and growth projects could not be implemented at the expected speed. In the areas of industrial films and industrial packaging, which include supplying the automotive and chemical industries, weaker sales were recorded due to the economic situation, particularly in the second and third quarters.

The investment volume in 2019 totalled EUR 29.7 million. EUR 12.9 million of this total was invested in the technical equipment of Theta's plants, with some systems still under construction. An investment volume of up to EUR 35 million was planned for the entire group. While the investment projects were initiated as planned, a large project was delayed due to the customer. As a result, the addition to the balance sheet of the investments was below the planned value. In order to lead Theta on the path to sustainable and profitable growth after several years of missing its targets, the 'Project Excellence' programme was started in 2019 with the support of the Boston Consulting Group. Theta's organisation was changed on February 1, 2020, and a 3-year plan was developed and is currently being implemented. This required one-time expenses for the project and restructuring in the amount of EUR 9.5 million in 2019.

Motivated, experienced and well-trained employees ensure Theta's long-term success. High-quality vocational training, which the company carries out itself wherever possible, is of great importance to Theta's workforce.

The constant improvement in occupational safety, measured by the Lost Time Injury Frequency Rate (LTIFR; accidents per 1 million hours), is another performance indicator in the personnel area. Since 2015, Theta has seen a significant decrease in workplace accidents. Theta set up a group-wide system to analyse accidents, implement work safety measures, apply for and check work permits and train employees. Appropriate measures are also taken to ensure the continuous improvement of safety in the workplace. In the Theta Group, the LTIFR remained at the same level as in the previous year, with a value of 7.

Today, plastics are indispensable in practically all areas of human life. The challenges with regard to the change in demographics, the economy and technology that humanity is facing can only be successfully and sustainably shaped through the increased use of plastics. This is particularly true for plastic films.

The idea of sustainability lies at the core of Theta Group's corporate strategy. The business mission emphasises the production of sustainable film solutions as the reason for the existence of the Theta Group. Therefore, Theta regards sustainable development as combining long-term economic success with the protection of the environment, as well as the perception of social responsibility and responsibility for the well-being of its employees. Each year, Theta prepares a sustainability report for its activities in the field of sustainability.

Customer satisfaction and product quality are very important. Targeted measures improve both the quality of the products and the reliability of delivery. This is based on key figures (OTIFs) that are used as indicators to improve quality and delivery reliability. These key figures have been introduced to track performance and are held and tracked at all operational levels. The complaint rate in the reporting year was 0.26%, and the OTIF delivery reliability was 94%.

A stagnating economic environment is generally expected for 2020. However, forecasts may change in the course of 2020, as various influences – in particular, political developments in the United States (including import duties) and the consequences of Brexit – cannot yet be

finally assessed. It is therefore unclear what impact these developments will have on the global economy.

The UK's exit from the EU is unlikely to have a significant impact on the Theta Group's operations, as only 2.8% of sales are generated in this region.

GDP growth is currently expected to increase to 1.1% in Germany and to 1.3% in the euro area. A growth rate of 2.0% is assumed in North America, while 6.0% growth is expected in China, reflecting a slight decline. This assessment does not yet include the possible effects of the COVID-19 epidemic. Global GDP is expected to grow by 3.3%.

With the support of the Boston Consulting Group, Theta's management has drawn up a detailed plan to increase sales, revenue and earnings for the period 2020–2022. The forecast for 2020 is based on the first year of this plan, which is backed up with detailed measures for both sales increases and cost reductions.

For 2020, Theta anticipated a slight increase in sales of around 1% compared to the reporting year (141,309 tonnes). An increase in sales was expected in the Packaging division (+8.7%) and a decrease was expected in the Hygiene and Industrial Films division (–1.3%).

The prices of the most important raw materials, polyethylene and polypropylene, continued to fall slightly at the beginning of 2020. The company expects raw material prices to remain stable or fall slightly this year against the background of a weaker economic environment and further capacity expansions in the plastics production industry. An increase in the currently low crude oil prices or a better-than-expected global economy could lead raw material prices to rise again. A sharp rise in raw material prices would have a fundamentally negative effect on Theta's earnings. Due to the high volatility of raw material prices, which are passed on in the sales prices, it is difficult to make a reliable sales forecast. However, the company anticipates – assuming stable raw material prices – a sales development comparable to that of 2020. Theta's new locations outside of Europe will further expand the company in these areas in 2020 and the following years.

In the industry-related areas of industrial packaging and industrial films, the company is in a fragmented and highly competitive environment. Due to the general economic situation, this environment affects Theta's sales volumes and margins, particularly in Europe. Against this

background and the overall balanced structure of the divisions, one expects an operating result (EBITDA) above that of 2019. The 2019 result was influenced by negative one-off effects, as the target EBITDA in the range of EUR 20–25 million was burdened by significant restructuring and project costs. In contrast, only project costs are expected in 2020. This forecast is based on slightly increased sales and the continuation of the cost reduction programmes in purchasing and the plants, which are backed by numerous individual measures.

The forecast values do not yet consider the possible effects of the coronavirus outbreak, as this situation is currently developing very dynamically and the possible effects on the Theta Group cannot yet be foreseen. Risks that have an impact on the forecast values can not only affect the development of sales but also impair production and the procurement market.

For 2020, Theta has planned an investment volume of at least EUR 30 million in the entire group, including investments in new locations, with no new acquisitions. The corporate group will thus expand its capacities and technology as the basis for further growth. For the non-financial performance indicators, Theta forecasts a complaint rate of <0.30%, a delivery reliability OTIF of >95% and an occupational safety figure (LTIFR) of <5.

Risks are assessed based on the internationally recognised Enterprise Risk Management Framework of the Committee of Sponsoring Organisations of the Treadway Commission (COSO II Framework) in workshops and top-down interviews. In addition, the Management Board of Theta receives reports on the opportunities and risks of all locations and subsidiaries in management meetings held several times a year. The Board takes appropriate measures to minimise the effects of risks on the course of business.

Risks to the company's sales and profitability lie in particular in changes in sales due to the decline in overall economic growth. The outbreak of the coronavirus has created macroeconomic risks that can lead to declines in economic growth in China and the world. Theta's diverse applications of the products in numerous industries with very different correlations to general economic growth partially balance these risks.

The current discussion of environmental pollution and the pollution of the oceans by plastics, which is somewhat emotional and subjective, has already led to legislative measures,

especially in the area of so-called 'single-use plastics' such as straws and coffee cup lids. Theta is not represented in these product segments. The company is monitoring further developments and is a member of associations that are consulted in the legislative process. Independently of this, Theta has long been involved in numerous activities in the field of sustainability.

Sharp changes in the prices of raw materials – especially of polyethylene and polypropylene – can also significantly reduce earnings. In addition, rising raw material prices can lead to an increase in working capital, which results in higher financing requirements.

The 10 largest customers collectively account for around 47% of sales. No single customer has a sales share of 18% or more. This means that while Theta faces the cluster risks typical of the industry to a certain extent, they are not of any magnitude that could jeopardise the company's existence. Moreover, the company has concluded long-term supply contracts with individual major customers in order to ensure future business.

Another risk area is trade receivables. This is countered by stringent management of accounts receivable. In addition, trade credit insurance has been taken out for most of the receivables.

Like other manufacturing companies, Theta is fundamentally exposed to risks from quality defects and the resulting claims for replacement or compensation. The company has taken out appropriate insurance and set up provisions in order to counter the expenses that may arise from this.

In the procurement area, the main risk lies in the concentration of manufacturers of polyethylene and polypropylene, which can affect the supply and price level of raw materials. There may also be a shortage in the availability of individual types of raw materials. To counter this, Theta concludes multi-year supply contracts whenever possible.

Theta makes use of the special compensation regulation under the Renewable Energy Sources Act in the area of electricity costs. A legislative change in this area would have a negative impact on earnings.

Theta concluded hedging transactions for the interest on borrowed capital in order to ensure a high degree of predictability. Sales or purchases in foreign currency play a subordinate role.

In order to counter existing liquidity risk, Theta performs group-wide liquidity planning. In addition, Theta has sufficient unused bank lines available to secure its solvency at all times. The management has not identified any risks that could jeopardise the continued existence of the company.

Theta's strengths include the balanced portfolio of its divisions, which are structured according to the user industries of the products. Within the divisions, the portfolio is adjusted to the needs of the global economy to take advantage of market opportunities and reduce overcapacities. Theta's focus is on expanding the plants in China and North America, as there is great potential for growth in the area of hygiene products.

These extensive investments are secured with long-term supply contracts. While the structure of an international company is also advantageous, Theta is managed like a medium-sized company with short decision-making paths and close proximity to customers. Given the fragmented market for plastic film production, there are further opportunities to gain market share. Furthermore, there is still considerable potential for growth in emerging countries, where the market penetration of plastic packaging and plastic-based hygiene products remains extremely low. Due to the stable business and financial situation of most of the subsidiaries, there are further opportunities for constant or even increased income from the investment assets.

Employees' commitment, willingness to perform and potential ensure the success of Theta. Teams at the management level that are heterogeneous in terms of experience, national origin and gender have proven to be particularly successful for international projects. There is great potential in further promoting this heterogeneity in a targeted manner. To this end, various measures will be initiated in the coming years.

Even today, female junior employees with the same or higher qualifications are preferred, and such employees are prepared to take on further responsibility through trainee programmes. The introduction of mobile work creates the opportunity to work more flexibly. Finally, the proportion of women in management positions will be gradually increased.

Due to the unchanged low proportion of female students in STEM subjects, the potential for a significant increase in the proportion of women in management positions is limited.

However, by the end of 2022, the proportion of female managers in management levels 1 and 2 is to be increased to at least 25% across the group. As of December 31, 2019, the proportion of female managers at both levels in Theta's sites in Germany totalled 24%. In the group (i.e. worldwide) the share in 2019 totalled 25% at both levels. The proportion of female managers is thus significantly higher than the proportion of female employees in the Theta Group as a whole. Theta will continue to increase international diversity at both management levels.

The intended goal of adding female members to the Supervisory Board and Management Board by 2019 could not be implemented. If new appointments to the Supervisory Board or the Management Board become necessary, priority will be given to female candidates. The aim is to have at least one female member on both the Supervisory Board and Management Board by the end of 2022.

Critical case reflection: Theta

Theta is an independent private company that was founded more than 60 years ago and, since the 1990s, has grown into a leading global manufacturer of plastic film solutions. Foreign markets for Theta include other European countries, North America, Asia, and Latin America. Theta is active in markets like Asia due to their lower costs for wages, production, and raw materials. However, Theta had already begun to operate and grow in the geographically closer European countries in its early days. The first market entry modes for Theta were export activities and establishing local sales offices. Finally, acquisitions and greenfield investments were made. However, greenfield investments were only made due to customer commitments in the host countries. There is access to financial resources but a certain level of risk aversion. The interview data reveal the key motives for internationalization are follow-the-customer, saturated home market, and cost advantages in labour and raw material.

The sustainability movement also had a significant impact on Theta's business model in the form of material savings, recipe changes and the development of packaging concepts involving recycled content. One area of focus for the company is R&D efforts to address sustainability, which is becoming increasingly important for consumers and customers.

Furthermore, plastic packaging manufacturers, in particular, have to face the reputational loss of plastic packaging. Expert R comments:

Today, packaging is perceived as waste, keyword 'ocean littering'. Gone are the days of authoritarian communication in the market. NGOs are more intellectual and more intelligent. The pressure from social media and NGOs will increase as long as we don't close the loops [circular economy].

The entire top management team and the second level of management have several years of international experience, and they are all non-family managers. Theta's interview respondent was the CSO who lived overseas for many years and held several managerial roles within packaging MNEs. The CSO has a good awareness of sociocultural differences due to staying abroad for many years. He has formal education and graduated with an MBA equivalent.

It is remarkable that the operating result fell by more than half compared to the previous year. The reasons for this are collapsed markets and the fact that growth projects were not implemented as expected. For the period 2020 to 2022, the management team are being supported by a consulting company to increase sales, turnover, and earnings. This fact did not emerge from the interview data but from the documentary information. Overall, the data from the interviews and the documentary information coincide (see Table 4.11); however, a comparison of the two provides a more complete representation.

Theta	Interview information	Documentary information	Critical reflection
Annual revenue (€million)	no data	780	780
Balance sheet total (€million)	no data	no data	no data
Headcount	no data	3,100	3,100
Size category	MNE	MNE	MNE
Internationalization ratio(%)	no data	58	58
Age (years)	no data	60+	60+
Family manager/ family-owned	no/ yes	no data	external managers and family-owned
Packaging type	flexible plastic	flexible plastic	flexible plastic
Internationalization motives	follow-the-customer, saturated home market, cost benefits (labour and raw material)	no data	follow-the-customer, saturated home market, cost benefits (labour and raw material)
Market selection	Europe, Vietnam, Egypt, USA, China	Belgium, Finland, France, Spain, Sweden, Vietnam, Egypt, USA, China, Singapore; core market is Europe	Belgium, Finland, France, Spain, Sweden, Vietnam, Egypt, USA, China, Singapore; core market is Europe
Entry mode	export and gradually to FDI: export, sales offices, acquisitions, greenfield investment (dedicated to key account)	export and FDI	export and gradually to FDI: export, sales offices, acquisitions, greenfield investment only with customer commitment in host countries
Pace and time	9 years since inception—first FDI by family-manager; 40 years since inception and 20 years ago, realignment	no data	activities abroad since late 1960s, 40 years since inception and 20 years ago
Managerial internationalization competencies (incl. sociocultural aspects)	management has a broad international background, CSO lived overseas for many years, several managerial roles within packaging MNEs, formal education MBA equivalent	All members of the executive board have formal education	managerial internationalization competencies are evidently present; CSO has a good awareness of sociocultural differences due to staying abroad for many years
Financial and personnel resources	access to financial resources, risk averse	no data	access to financial resources, risk averse
Disruptive challenges	sustainability trend has effects on firm's strategy, business model, and product portfolio: material savings, adjustment of recipes, other packaging concepts; plastic packaging has been replaced, recycling is increasing	focus on R&D, the issue of sustainability is becoming increasingly important for consumers and customers; loss of reputation of plastic packaging	sustainability trend has effects on firm's strategy, business model, and product portfolio: material savings, adjustment of recipes, other packaging concepts; plastic packaging has been replaced, recycling is increasing
Industry factors	price competition	no data	price competition which is counteracted with R&D efforts and cost advantages in labour and raw material
Products	scalable and homogeneous products	plastic packaging for agricultural, consumer, and industrial products	scalable and homogeneous products

Table 4.11 Theta – case reflection interview and documentary information.

(9) Case study Iota

Documentary information: Iota

Founded over 70 years ago, Iota is a manufacturer and supplier of transport and sales packaging made of corrugated cardboard, sales displays, packaging systems and printed products for industrial processing. The group also provides packaging-related services. Iota offers packaging solutions for diverse industries, including the automotive industry, dangerous goods and chemicals, e-commerce and logistics, electronics and electrotechnical devices, leisure, garden and do-it-yourself, food and beverage, cosmetics and hygiene products, medicine and pharmaceuticals, dairy products and frozen food, furniture and wood products, confectionery and snack foods and detergents and cleaning agents.

With the introduction of a company-wide umbrella brand at the end of the 1990s, Iota's service and product portfolio was divided into different business areas. In 2006, the company entered the Romanian market. In 2011, it established a majority stake in a corrugated cardboard factory in southern Poland as part of a joint venture with a Spanish packaging company. Further business partnerships in India and Great Britain also continued growth in international markets. New company locations have been established in Germany since 2012. Since 2018, the group has operated an online shop for standardised packaging and packaging material for small- and medium-sized companies as well as for private customers.

Consolidated sales decreased by EUR –22.4 million, falling from EUR 645.2 million in 2018 to EUR 622.8 million in 2019. On the one hand, this was due to lower sales prices, which fell due to the passing on of lower procurement prices for raw materials. The Iota division also had to give up a larger package of orders due to price factors; the company lost EUR 20.1 million in sales compared to the previous year, while the other divisions remained at the previous year's level in terms of sales.

The planned growth in sales could not be achieved in the company's 'P' division, although the sales volume increased by 3% compared to the previous year. The 'C' division missed both its sales and revenue targets in 2019. The reason for this failure was significantly lower sales of digital print products than expected for 2019. In the 2019 financial year, sales between the group companies rose by 30%, from EUR 37.5 million to EUR 48.5 million. This reflected a

change in strategic orientation in 2018, which forced greater use of the synergies between the business areas through an increased exchange of services. Group services also increased by EUR 3.9 million due to the centralisation of functional areas, especially IT and human resources.

Iota Group's EBITDA increased significantly from EUR 29.7 million in 2018 to EUR 39.2 million in 2019, exceeding the planning for the financial year of EUR 36.7 million by 6.5%. While rising procurement prices for paper (a key raw material) reduced earnings in 2018, falling procurement prices in 2019 led to an improvement in the group's gross margin to 46.8% (previous year: 42.7%) and strengthened the company's result. After an annual surplus of EUR 1.6 million in the previous year, this increased to EUR 11.1 million in the year under review (before minority interests).

In the largest division, 'P', there was a significant increase in earnings compared to the previous year. As a result of lower raw material prices and a 3% increase in sales volumes compared to the previous year, EBITDA rose from EUR 14.8 million to EUR 31.1 million in the 2019 financial year. Both the domestic and foreign companies in the division contributed to this positive development.

In Germany, the further volume growth at Iota's location in 'W' and the associated further fixed cost coverage contributed to the positive earnings development. The other locations in Germany were able to benefit from the lower raw material prices in 2018 and 2019 after the portfolio review contributed to improved division results.

After completing an investment in a new corrugator, Iota's location in Romania also increased sales volume and earnings. Due to the higher sales volume, sales rose by EUR 3.5 million to EUR 24.7 million. The new corrugated board plant significantly improved the efficiency of production by lowering reject rates and waste, thus improving the earnings situation.

In Poland, there was a significant increase in volume to general market growth. Sales increased by EUR 4.1 million to EUR 43.9 million. In the fourth quarter of the financial year, the acquisition of another production company in 'S' was also successfully completed. Iota now has two production sites in Poland and can use the additional capacities to serve its customers even better and balance capacities among sites.

In the Czech Republic, capacity limitations and technical problems in the corrugated cardboard production plant prevented further growth. The sales volume fell from 110 to 106 million m, while sales remained at the previous year's level at EUR 54.9 million (2018: EUR 55.0 million).

After the 'PS' division achieved sales totalling EUR 176.6 million in 2018 and grew significantly at all locations, sales were negatively affected in the 2019 financial year by the loss of a large customer package. Revenues fell by 11.5% to EUR 156.2 million in 2019. The decline in volume meant that EBITDA fell from EUR 16.0 million to EUR 9.0 million as a result of lower fixed cost coverage.

Measures to reduce costs were initiated or implemented in the financial year to improve corporate results in 2020. New customer projects were gained in the fourth quarter, and so Iota assumes that the sales and earnings situation will continue to stabilise.

In the fourth quarter, Iota successfully completed the acquisition of German location 'I' in the form of a share deal and the production facility of 'I' in Germany as an asset deal. The division now has other product offerings outside of corrugated cardboard and has thus expanded its position in the foam product area through the acquired production. In addition to disposable packaging systems, the acquisition can further expand Iota's position in the field of reusable packaging.

The 'C' division, consisting of Iota's two subsidiaries in Germany and France, neither improved year-on-year nor achieved the targets set for the 2019 reporting year. The main reason that this division missed its sales and earnings targets can be found in the lack of sales volume. Part of the missing sales volume is justified by strategic decisions during the year to review the portfolio in the 'P' division, which subsequently led to a lower-than-planned sales volume in the group-internal exchange of services. However, expectations regarding the development of digital printing in the financial year 2019 have not yet been fulfilled. It was only at the end of the financial year that an increase in incoming orders and sales could be achieved, which could no longer influence the overall development of the financial year. As a result, the division only achieved sales of EUR 34.9 million (previous year: EUR 34.9 million), which resulted in a balanced EBITDA compared to EUR 1.4 million. In the financial year, Iota

had to post a loss of EUR 1.6 million for the second year in a row, after losing EUR 0.9 million in the previous year.

In the 'N' division, the 2019 financial year was particularly focused on the goal of sales growth and the stabilisation of processes, which was achieved. Iota achieved significant increases in sales with its online offer launched in the previous year; sales increased by EUR 2.0 million. 'CA' was founded in 2019 to manufacture and market sustainable camp beds and products for humanitarian aid.

In 2019, the Iota Group invested in the acquisition of companies and locations that expanded the scope of consolidation. In the year under review, EUR 20.6 million was spent on such acquisitions. Investments totalling EUR 21.9 million were made in 2019 to strengthen and expand the existing locations. Most of this amount, EUR 20.2 million, was used to purchase property, plants and equipment and to expand buildings. The corrugated cardboard plants in Poland and Romania formed the focus of investment. With the construction of a modern corrugated board plant at the Romanian site, the foundation was laid for further profitable growth at this site. Another investment focus in 2019 was the renewal and standardisation of IT in the Iota group. The project for the group-wide introduction of SAP S / 4Hana Cloud was started in 2019. The first introduction took place in January 2020 at the German locations of the 'C' division.

In 2019, Iota benefited from the significantly lower procurement prices of paper over the course of the year. In connection with the volume increase at division 'P' and the sales prices of the products, which remained stable well into the financial year, the group's gross profit improved by EUR 16.0 million, or 6% compared to the previous year. This improvement in earnings was partially counteracted by a sharp rise in personnel costs of EUR 6.4 million. An increase in the number of employees from an average of 3,205 employees in the previous year to 3,296 in 2019 (2.8% increase), as well as market-related price and collective bargaining increases, are the reasons for the increased personnel expenses. In the Eastern European locations in particular, wages and salaries rose by 5–15% over the course of the year due to the low level of unemployment. Furthermore, in the previous year, the Iota division began to convert temporary employment to permanent employment. The other operating expenses remained at the previous year's level.

The EUR 1.0 million decrease in interest expenses is, on the one hand, the result of a lower use of bank loans, which were reduced from EUR 100.2 million in 2018 to EUR 95.4 million in 2019. Much more decisive, however, was that the interest margin on the syndicated loan fell as a result of the improvement in profitability over the course of the year. The improved profitability is also reflected in the financial year's annual surplus of EUR 11.1 million, which has increased by EUR 9.5 million compared to the previous year.

lota's long-term assets increased by EUR 22.2 million in 2019 due to the expansion of the group of companies and the investments made compared to the previous year. As a result of corporate takeovers, goodwill increased from EUR 2.5 million to EUR 8.8 million and is the reason for the increase in intangible assets. The above-mentioned price reductions for paper in the year under review were reflected in a reduction in inventories of EUR 8.8 million. Trade accounts receivable decreased by EUR 1.6 million compared to the previous year. The decline in sales and the increased use of factoring in 2019 (by EUR 2.3 million to EUR 45.4 million) also had an impact.

In 2019, the lota Group employed an annual average of 3,296 people at all locations, reflecting an increase of 281 employees compared to the previous year. In the final quarter, after including the newly acquired locations, the number of employees was 3,512. Moreover, 116 mostly young employees completed an apprenticeship at the German locations in 2019. In lota's Eastern European locations, it has developed and set up education and training programmes that are based on the German education system and are well received.

As a family company, lota meets its corporate responsibility (CR) holistically. For lota, CR means responsible corporate management that is fit for the future. lota believes that CR encompasses the three areas of economy, ecology and social affairs. An essential first step in this direction was the group-wide introduction of a code of conduct documenting the principles for responsible cooperation. In 2014, as a further step, lota published its first sustainability report, which was followed by another report in 2016. In 2019, the data of the 2016 report was updated with a key figure update. In order to be economically successful in the long term, lota is currently revising its CR strategy and reorganising and rebalancing the subject areas relevant to lota Group.

The coronavirus pandemic reached Europe at the end of February 2020 and is spreading rapidly across borders. Like its European neighbours, Germany reacted in mid-March with a lockdown of some parts of public and economic life to slow the spread of the virus. A noticeable economic downturn was expected worldwide in the second quarter.

A failure of a main supplier in the supply chain could lead to simultaneous, temporary downtime in several of Iota's plants. Since the members of the Association of the Corrugated Cardboard Industry in Germany (VDW) have committed to provide up to 10% of the available capacity for member companies that are affected by the coronavirus, Iota can build up stocks in order to avoid a long-term supply outage for customers.

The pandemic may also lead to a drop in sales, production cutbacks or standstills for Iota's customers, which would have a correspondingly negative impact on sales and earnings at Iota's locations. In countries where the legal option exists, Iota is prepared to use the instrument of temporary employment to mitigate the effects on earnings of a possible drop in sales.

A slump in sales and thus earnings on the customer side can also reduce the customers' ability to pay our trade accounts receivable. As part of our receivables management, we continuously receive credit information from our customers and recognise possible deterioration in payment behaviour in order to initiate suitable risk-reducing measures.

Despite the coronavirus crisis, Iota had a generally strong beginning to 2020. According to the preliminary data for the first quarter of 2020, the packaging plants exceeded their sales and EBITDA targets. While the Iota division was lower than expected in terms of sales, EBITDA was on target. At the beginning of the year, 'C' suffered from process problems, with corresponding negative effects on sales and earnings due to the introduction of SAP. Since March at the latest, sales have been exceeding their targets, causing an improvement in results. The display locations suffered from a weak, lower-than-expected occupancy rate, partially as a result of the cancellation of major events such as the Olympic Games and the European Football Championship in 2020.

Critical case reflection: Iota

Iota is a family company and was founded over 70 years ago by producing corrugated cardboard. At the beginning of the 1970s, the founder's son became a personally liable partner alongside his father. In the 1970s Iota established and expanded a European sales network in France, the Netherlands and Denmark. Since the beginning of the 1990s, the company has expanded its activities to include markets in Central and Eastern Europe; Iota's first foreign corrugated cardboard plant was established in the Czech Republic in 1994. The documentary information indicated a JV with a Spanish company as well as cooperation agreements in the UK and India. They started in 1994 with FDI led by strategy. As stated in the interview data: 'So, the first step was the start in the Czech Republic in 1994 ... that was due to a strategy. ... At that time we made a value analysis of all European countries. We looked at the market potential, we looked at the competitive situation on site. And then we set an order and there was the Czech Republic on [position] one or two and then Hungary and Romania on three and four'.

In 2019, 3,486 people were employed in several German locations and foreign entities in the Czech Republic, Romania, Poland, France, and Mexico. Iota's entry modes vary from export, cooperation, joint ventures and gradually, FDI. Sales in the 2019 financial year amounted to EUR 622 million with an internationalization ratio of 36%. The firm's Internationalization motives are follow-the-customer and market-seeking. The interview data suggest that customers indirectly almost forced Iota to go abroad by clearly stating that they only wanted to work with internationally active suppliers. Furthermore, Iota outlined in the interview that they entered foreign growth markets and, as a result, were not only exposed to price competition in the home market. Iota had a clear strategic concept that was rolled out very consistently. They started exporting to neighbouring countries, the Netherlands, Denmark, and France and then engaged in FDI in the Czech Republic, Romania, Poland, France, and Mexico. The documentary information gave no indication of the motives for Iota's activities abroad. The interview data about the internationalization motives are comprehensible and conclusive.

Since the previous managing director moved from operational business to the corporate advisory board in 2000, the company has been managed by the current CEO who has been

with the company for more than 35 years. The interview data indicate that the CEO stayed in the USA for two years and graduated with a Bachelor's degree in business administration and completed further management training in Europe. Iota's most distant FDI is in Mexico where they are struggling with various problems. The interview data reveals: 'There is a bit of a problem in Mexico right now, but that is more due to a customer, the structure of the country and the market and competitive structure there. To settle down there and build up a business as a newcomer against the background of—let me say—the culture that also prevails there, that's a bit more difficult.'

Hall (1976) stated that only 10% of culture is easily visible, and 90% is hidden below the surface. The external part of culture is visible and includes behaviours and some beliefs. The internal aspect is invisible and includes some beliefs, values and thought patterns. Hall maintains that actively participating is the only way to learn the internal culture of a host country. It seems that Iota had no insight into the internal culture of the host country and is now struggling with cultural problems. Overall, an acceptable level of managerial internationalization competencies can be assumed in this case because Iota is one of a few case companies that developed an internationalization strategy and is pursuing it stringently.

Iota sees the language barrier as an obstacle to the implementation of necessary steps towards internationalization in medium-sized companies. The reasons for internationalizing Iota were the customers' requirement to be able to deliver internationally and to participate in the growth of new markets. The company offers the same products at home and abroad, with a focus on high-quality transport packaging for the branded goods industry.

Iota refers to the experience with policy measures in host countries that the cooperation with the chamber of commerce in the Czech Republic was very important at the beginning, but without significant impact on Iota's internationalization strategy.

The interview data suggest that Iota is facing a very high level of competition in Germany, which is seen as the most competitive market in Europe and is also likely to have the lowest rates of return. The documentary information reveals that price competition is counteracted by quality and that a consolidation tendency is expected that could lead to margin recovery. Congruent content can also be assumed on this topic.

In the interview data, Iota states:

One of our core ideas in dealing with markets and customers is always the optimisation of packaging in order to optimise the proportion of material and to optimise the logistics chains. And of course, if we go to the CO₂ level, of course, to significantly reduce CO₂ consumption or CO₂ emissions. The subject of packaging optimisation is actually at the core of our consulting strategy. We are currently dealing with disruptive changes in the packaging industry.

The interview data indicate that the sustainability trend affects Iota's strategy, business model, and product portfolio. The documentary information refers to Iota's first sustainability report in 2014, and that Iota has a focus on that topic. The interview data and documentary information are in agreement.

Iota produces scalable, differentiated products in the form of high-quality printing and differentiated services that are related to material and logistics optimisation. Overall, the interview data and documentary information align to provide a uniform picture (see Table 4.12).

Iota	Interview information	Documentary information	Critical reflection
Annual revenue (€million)	no data	622	622
Balance sheet total (€million)	no data	335	335
Headcount	3.400	3.486	3.486
Size category	MNE	MNE	MNE
Internationalization ratio (%)		36	36
Age (years)	no data	70+	70+
Family manager/ family-owned	no/ yes - 5 shareholders: 1 second-generation and 4 third-generation	no/ yes	external manager for 35+ years with the company, CEO for 20 years and married into the owner-family / family-owned
Packaging type	paperboard	paperboard	paperboard
Internationalization motives	follow-the-customer, market-seeking	no data	follow-the-customer, market-seeking
Market selection	export started in the 1970s to Netherlands, Denmark, France; FDI in Czech Republic, Romania, Poland, France, and Mexico	Legal entities in Austria (management holding), Czech Republic, Romania, Poland, France, Mexico, USA (non-operative); business activities in Denmark, Netherlands, UK, India; JV with a Spanish company	clear strategic concept, rolled out very consistently: export to neighbouring countries Netherlands, Denmark, France; FDI in Czech Republic, Romania, Poland, France, and Mexico
Entry mode	export and gradually to FDI; export, cooperation, joint venture, FDI	export, JV, FDI	export and gradually to FDI; export, cooperation, joint venture, FDI
Pace and time	20+ years since inception, 26 years ago, strategy-driven	no data	20+ years since inception, 26 years ago, strategy-driven
Managerial internationalization competencies (incl. sociocultural aspects)	CEO stayed in the USA for 2 years and graduated with a Bachelor degree in business administration and further management training in Europe; awareness of sociocultural differences	no data	good level of managerial internationalization competencies: international experienced CEO with formal education studied and graduated in the USA; awareness of sociocultural differences
Financial and personnel resources	Iota advance the view that language barrier is a key obstacle of GPI SMEs to internationalize	R&D department, member of a research network, cooperation with researching universities and institutions	shortage of qualified and motivated employees, financial resources are available
Disruptive challenges	sustainability trend has a positive impact on paperboard products, very high level of recycling and reuse; optimization of material proportion, logistics, CO2 level - this is core of their consulting approach	no data	sustainability trend effects Iota's strategy, business model, and product portfolio
Industry factors	price competition, Germany is the most competitive market in Europe with the lowest rate of return	investment-intensive	price competition which is counteracted with quality, consolidation tendency with an expectation of margin recovery
Products	scalable, differentiated products—high quality printing, differentiated service offer—material and logistics optimisation	paperboard transport packaging for branded goods and the branded goods industry	scalable, differentiated products—high quality printing, differentiated service offer—material and logistics optimisation

Table 4.12 Iota – case reflection interview and documentary information.

In this section the documentary information for the nine researched companies is analysed and accompanied by a critical reflection in light of the interview findings. This analysis and reflection are integrated into the nine case studies. In addition, a table is developed for each case that critically juxtaposes the interview data with the documentary information. In the next section, the initial conceptualisation is validated and the new findings are contrasted with the existing knowledge.

5 DISCUSSION

5.1 Validating Initial Conceptualisation

Having some theory in the beginning of the research will later play a critical role in helping to generalise the results from empirical studies that are characterised as analytic generalisation (Yin, 2014). The essential argument is that the generalisation will be at a higher conceptual level than that of the specific case. Yin argues that a case study has an interest in going beyond the specific case to strive for generalisable findings or lessons learned – that is, analytical generalisation. Analytical generalisation may be founded on either (a) corroborating, modifying, rejecting, or otherwise advancing theoretical concepts (initial model) that a researcher indicated in designing the case study or (b) new concepts that arose upon the completion of the case study (Yin, 2014).

Numerous GPI-specific influencing factors emerged through this empirical research. The components of the initial model were sequentially compared with the findings and the necessary revisions were implemented. Subsequently, the initial model was evaluated and the revisions discussed.

The industry factor ‘clusters’, ‘research intensity’, and ‘tangibility of product’ are excluded due to the empirical findings. Clusters do exist; however, the study did not reveal any evidence that clusters are relevant to internationalization within the GPI. Furthermore, research intensity as part of the external environment was not observed. Rather, R&D relate to the internal environment component ‘business model’ and to products that are influenced by the external environment, for example, disruptive changes such as the sustainability trend. The product and process innovations discussed in the literature review (see section 2.3.2) are integrated in the ‘business model’ component of the GPI internationalization model. In addition, ‘tangibility of product’ is to be assigned to the internal environment component ‘business model’. Successful GPI SME case firms are expanding internationally with differentiated products and service offerings. However, ‘tangibility of product’ is no strong external environment component. For that reason, it is excluded from the revised model. The empirical research revealed the following new industry factors: price competition, industry

fragmentation, packaging type, bargaining power, diverse end-markets, and disruptive changes. This last factor refers to the impact of sustainability considerations on the GPI.

The second component pertaining to the external environment is 'policy measures' and this remains in the revised model. Policy measures can be differentiated as 'firm level,' or 'federal and supranational level'. Based on the findings a detailed picture of policy measures can be drawn.

Furthermore, it is observed that the internal environment component 'financial resources' is not relevant to the investigated case firms. Evidence emerged about 'financial risk' that is significant when it comes to internationalization behaviour within the GPI. In the initial GPI internationalization model, 'management experience and qualifications' include 'sociocultural competencies'. There is more awareness in GPI MNEs than in SMEs about sociocultural differences. Industry experts referred to sociocultural competencies at multiple levels and highlighted the dangers of their absence, for example, the inability to gain market insights due to the lack of sociocultural competencies. Cultural distance creates difficulties and challenges for firms due to a lack of knowledge and understanding as to how the host country works, as well as perceptions of foreignness that create barriers for collaboration and cooperation (Beugelsdijk et al., 2018). In addition, Germany is a country with a relatively high uncertainty-avoidance value (Hofstede, 2021). These factors drawn from the literature review are in line with the research findings here, especially in respect of GPI SMEs with a low internationalization level. Therefore, this component will be discretely integrated as an internal environment component. Moreover, strong evidence emerged about 'language barrier' as a key obstacle to internationalization within GPI SMEs. 'Personnel resources', 'networks', and 'business model' still remain in the revised internationalization model. The revised internal environment components are: management experience and qualifications, personnel resources, language barrier, sociocultural competencies, financial risk, business model, and networks. Figure 5.1 presents the revised model segment 'Environment'.

As outlined in section 2.5, the environment affects the propensity and reluctance of a firm to internationalize. Whereas, the external environment takes into account industry-specific conditions and the internal environment describes characteristics inside the firm that are vital for effective GPI internationalization.



Figure 5.1 Revised model segment 'Environment'.

One objective of this study is to answer the crucial question: which internationalization strategy does the GPI apply? Based on the data analysis, this question (RQ 3) is answered in section 4.1, 'Interview Data', whereas the model reflects this answer at aggregate level in Figure 5.2. There is evidence that the GPI applies an incremental internationalization approach. This process is slow: it starts with low resource commitment as well as in psychically close countries. Previous studies observed that SMEs in mature industries often internationalize slowly (Andersson et al., 2014) and incrementally (Bell et al., 2004). A logical next step is to integrate the stage theory approach (see Figure 5.3) to the revised model that provides the theoretical background to the present GPI internationalization.



Figure 5.2 New model segment of present GPI internationalization.

The segments 'Integral Approach' and 'GPI Internationalization Strategy' are almost unmodified, and the findings reinforce the initial conceptualisation as outlined in section 2.5. The stage model represents how the GPI is used to internationalize. It also serves as a starting point to illustrate the contrasting aspects of the new GPI model, for instance by displaying a set of options derived from stage theory enhanced by multi-dimensional and simultaneous transactions that follow strategic targets. On the other hand, the born-global concept is centred around the managers and their intercultural skills, international knowledge and education in order to overcome the restraints of psychic distance.

Stage Theory Approach

- Incremental process
- Start with low resource commitment
- In psychically close countries
- Slow process

Figure 5.3 New model segment stage theory approach.

A born-global manager has routines for managing multicultural workforces and for targeting customers in multiple countries simultaneously (McDougall et al., 1994, as cited in Wright et al., 2007). The born-again global concept reflects on the systematic internationalization approach caused by a critical incident later in a firm's lifecycle (Bell et al., 2001, as cited in Sheppard & McNaughton, 2012). These aspects of the born-again global concept are applicable for the GPI as a traditional industry facing disruptive changes such as the sustainability movement (i.e., a critical incident), which questions existing GPI firms' business models. The segment 'GPI Internationalization Strategy' has been renamed to 'Advanced GPI Internationalization Strategy' in order to better differentiate between the new model segment 'Present GPI Internationalization' (Figure 5.2) which is described by stage theory and the model segment 'GPI Internationalization Strategy' that follows the integral approach. The segments 'Environment' and 'Integral Approach' merged into the 'Advanced GPI Internationalization Strategy' to address industry-specific requirements. Finally, Figure 5.4 presents the revised GPI internationalization model.

RQ 4: What modifications, if any, have to be made with respect to the identified internationalization strategies to adapt to industry-specific requirements?

CON 4: Research objective 4 relates to RQ 4 which is to develop a model (adapted, if needed, to industry-specific requirements) of the internationalization of the GPI. The visualised answer to RQ 4 is the revised GPI internationalization model (see Figure 5.4). The revised GPI

internationalization model reflects the following industry-specific factors: price competition, industry fragmentation, packaging type, bargaining power, diverse end markets, and disruptive changes. Price competition is pivotal in the home market, but its impact is not limited to that market. Price competition pushes GPI SMEs to internationalize, whereas successfully internationalized GPI firms focus on product and technological innovation, good services and differentiated products for niche markets, though they rarely move operations to low-cost countries. Furthermore, industry fragmentation is apparent, and subsectors are related to the individual packaging types, for instance, paper-based products, plastics, metal, glass, and wood. It is observed that raw material suppliers and numerous customers are consolidated, which cannot be claimed for the GPI. The bargaining power of GPI firms with raw material suppliers and customers is low. Additionally, the GPI serves diverse end markets, for example, consumer goods, food, cosmetics, health care, and industrial markets. Global brand owners of consumer goods and cosmetics are highly internationalized and demand the same from their suppliers.

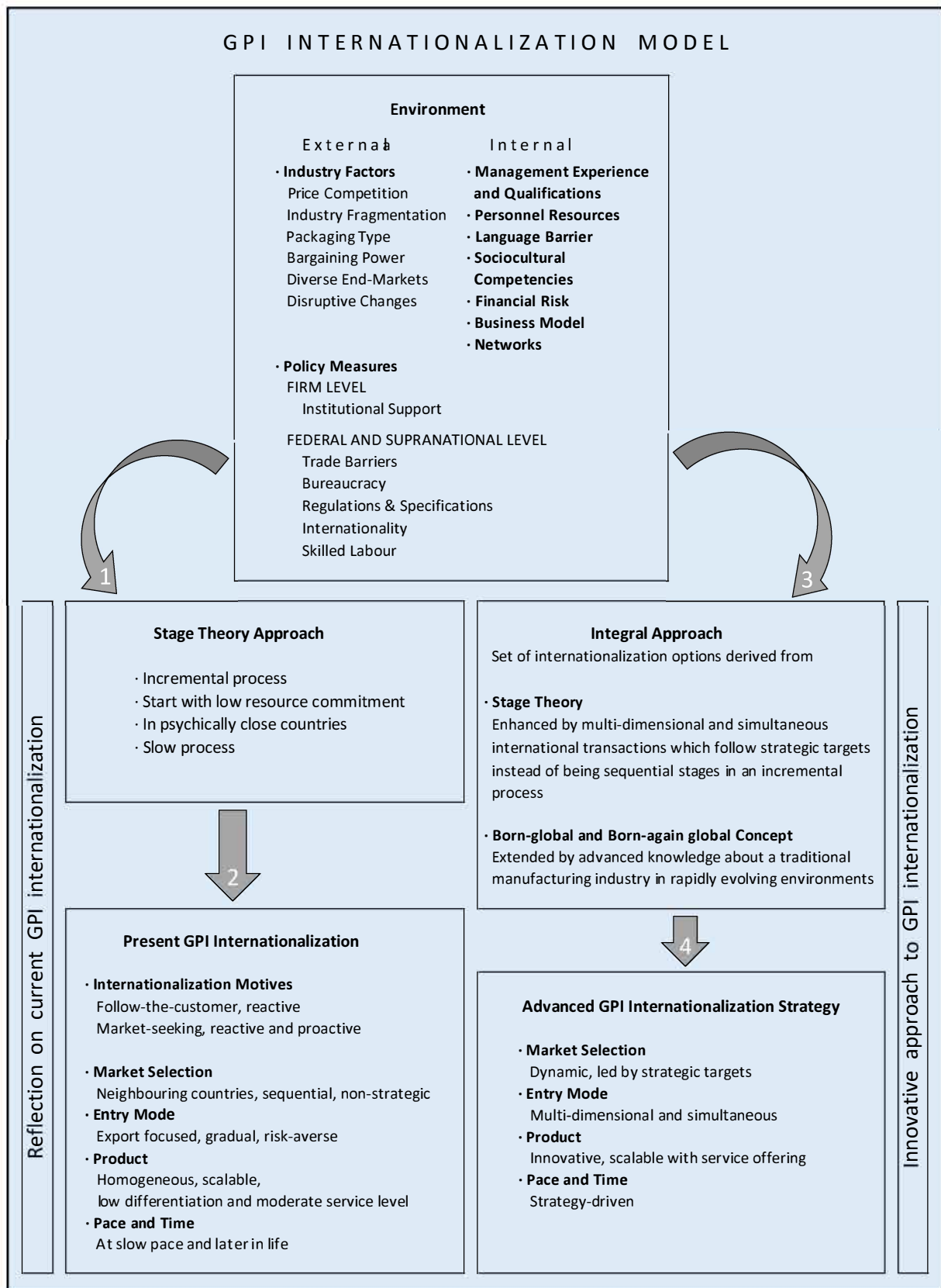


Figure 5.4 Revised GPI internationalization model.

The GPI, as a traditional and mature manufacturing industry, is facing disruptive changes such as the sustainability movement, which leads to questioning of the existing business models of GPI firms. These external environment components of the GPI internationalization model cannot be generalized and are not applicable to other industries (see Figure 5.5).



Figure 5.5 GPI-specific model elements versus elements which might also be applicable to other industries.

The internal environment components ‘management experience and qualifications’, ‘personnel resources’, ‘language barrier’, ‘sociocultural competencies’, ‘business model’, and ‘networks’ can be generalized and applied to SMEs in other sectors. However, the component ‘financial risk’ is GPI-specific because most of the SME internationalization research refers to ‘financial resources’ in this context. By contrast, this study revealed that the GPI has access to financial resources but is reluctant to take on the financial risk of more

intense forms of activities abroad. This means that the model component 'financial risk' cannot be applied to other industries per se. The findings of this study regarding the components of the internal environment are largely in line with existing studies on SME internationalization. Bell et al. (2003) refer to personnel resources and management competencies in their SME internationalization model. For their part, Andersson et al. (2015) reflect on the importance of the characteristics of managers or entrepreneurs, for example, their international experience, knowledge, and educational background. Sociocultural factors have a considerable influence on the performance of internationalization (Masovic, 2018). While larger firms might employ specialists with specific language skills, SMEs often lack the financial and human resources for intercultural communication (Achtenhagen, 2011).

As mentioned above, GPI SMEs are less affected by a lack of financial resources than other industries but also face constraints on personnel resource required to support internationalization. In this regard, Hofstede's (2021) finding (see 2.3.3, 'Sociocultural Factors') that Germany is a low power distance country and a more individualistic society, could be of interest. As a consequence, leadership is challenged to show competence and the individual's self-realization is foregrounded. Hence, developing into a leader with good education and international experience can help in attracting and retaining talent. Thus, young talents experience the senior manager or entrepreneur as a role model or mentor from whom they can learn and who promotes their personal and professional development. This is necessary for the GPI to survive in the competition for the brightest minds against international corporations with globally recognized brands. In relation to networks, Andersson et al. (2015) argue that entrepreneur's personal networks based on industry experience could be used to amplify their own business. Furthermore, international business networks related to knowledge sharing with other firms at the international level is highly beneficial for internationalization. Therefore, the 'internal environment' model components are also applicable in other industries except that of 'financial risk', which is a GPI-specific component.

The results of this study regarding policy measures largely correspond to existing studies on SME internationalization. Hence, the findings on policy measures, an 'external environment' component of the GPI internationalization model, can largely be adapted for SMEs in other sectors (see Figure 5.5). The European Commission (2003b) stated that SME executives often

have limited time and management capacity. As a result, policy measures should provide export support and consider offers to train managers and perhaps even provide for the execution of some of the practical tasks of the internationalization process. Furthermore, export policy has a substantive impact on export performance and the role of support services for SME internationalization has been investigated by a number of researchers (Achtenhagen, 2011).

In summary, with regard to the model component 'internal environment', other than in respect of 'financial risk', the knowledge generated through this empirical research can be applied to other traditional manufacturing industries. In addition, 'policy measures' as a component of the 'external environment' can also be mainly applied to other industries. These findings are in line with existing SME internationalization research. In contrast, GPI-specific factors (industry factors) in respect of the 'external environment' component cannot be generalized and applied to other industries; these specific industry factors include the elements 'price competition', 'industry fragmentation', 'packaging type', 'bargaining power', 'diverse end-markets', and 'disruptive changes' – especially that presented by the sustainability movement (see Figure 5.5).

5.2 New Findings versus Existing Knowledge

Examining literature that conflicts with or supports the emergent theory is vital for the following reasons (Eisenhardt, 1989): (A) If researchers ignore conflicting findings, then trust in the findings is reduced. For instance, readers may assume that the outcomes are incorrect (an issue with internal validity), or if correct, are idiosyncratic to the specific cases of the research (an issue with generalisability). (B) Conflicting literature embodies an opportunity. The juxtaposition of conflicting outcomes forces investigators into a more creative, framebreaking approach than they might otherwise be able to accomplish. The outcome can be a more profound insight into both the emergent theory and the conflicting literature, as well as more clearly defining the limits on the generalisability of the central research. (C) Literature debating similar findings is also vital because it ties together underlying similarities in phenomena typically not associated with each other (e.g., findings in a different context).

The outcome is often a theory with stronger internal validity and wider generalisability, able to function at a higher conceptual level.

In the following questions and answers, the findings are compared to the existing knowledge. Therefore, the GPI specific and general SME-related results of earlier studies are compared with the new findings. In this way the author's findings support, contradict or challenge findings from previous studies. Hence, this procedure indicates whether there are new insights that have not emerged or been investigated before, which also informs section 6.2, 'Contribution to Knowledge'. Each DRQ will be evaluated following the procedure described above. Table 5.1 displays the evaluation of DRQ 1.1.

RQ 1: What are the reasons for the low levels of internationalization?							
DRQ 1.1 What are the key obstacles to expanding into foreign markets?	Findings	Existing Knowledge GPI-specific	Source	Existing Knowledge SME	Source	Comment	New Knowledge
	No observation about financial resource constraints	Robust financial structure, financial requirements met by own funds and bank loans	(Väth et al., 2011)	Shortage of working capital	Abel-Koch et al., 2018; Achtenhagen, 2011; European Commission, 2003b	GPI-specific obstacles were not found in the existing literature; No financial obstacles are identified which supports earlier study from Väth et al. The key obstacles to internationalization for SMEs from earlier studies are personnel, knowledge and financial limitations	New Knowledge emerged, due to the industry-specific context. GPI specific studies did not identify the multiple obstacles within the industry. Moreover, the findings support earlier studies of SME internationalization.
	Personnel resources	./.	n.a.	Personnel resources	n.a.	n.a.	n.a.
	Multilingual personnel	./.	n.a.	./.	n.a.	n.a.	n.a.
	Expertise	./.	n.a.	Lack of trained personnel	n.a.	n.a.	n.a.
	Language barrier	./.	n.a.	Language	n.a.	n.a.	n.a.
	Financial risk	./.	n.a.	./.	n.a.	n.a.	n.a.
	Socio-cultural competencies	./.	n.a.	Socio-cultural differences	n.a.	n.a.	n.a.
	Lack of managerial time	./.	n.a.	Lack of managerial time	n.a.	n.a.	n.a.
	Lack of institutional support	./.	n.a.	Lack of domestic gov. assistance	n.a.	n.a.	n.a.
	Trade barriers/ Bureaucracy	./.	n.a.	Legal/Regulatory	n.a.	n.a.	n.a.
	Transportation costs	./.	n.a.	Transportation costs	n.a.	n.a.	n.a.

Table 5.1 Findings versus existing knowledge, new knowledge – excerpt DRQ 1.1.

RQ 1: What are the reasons for the low levels of internationalization within the GPI, which consists mainly of SMEs?

DRQ 1.1 What are the key obstacles to expanding into foreign markets?

GPI-specific obstacles were not found in the existing literature. In addition, financial obstacles are not identified in this research. This single aspect supports an earlier study from V  th et al. (2011). The key obstacles to internationalization for SMEs identified in earlier studies are personnel, knowledge and financial limitations. Related to the obstacle of financial limitations, the new findings differ from the SME-related studies. New knowledge emerged due to the industry-specific context, and multiple obstacles were observed. These include personnel resources, language barriers, financial risk, sociocultural differences, and lack of expertise. Individual observations revealed further obstacles, including lack of market knowledge, limited information, lack of managerial time, transport costs, secrecy in respect of know-how, aversion to disclosure of financial standing, as well as policy-related constraints, such as lack of domestic assistance, bureaucracy and trade barriers. Germany is a country in which uncertainty avoidance is highly valued (Hofstede, 2021), which supports the finding that GPI SMEs are risk-averse. GPI-specific studies did not identify the outlined multiple obstacles within the industry. Moreover, the findings predominantly support earlier studies of SME internationalization.

CON 1.1: New knowledge is gained in an industry-specific context by observing multiple relevant obstacles that inhibit GPI firms' internationalization. This supports previous studies on SME internationalization except in the financial limitations aspect.

DRQ 1.2: Do managerial internationalization competencies exist?

Previous SME studies identified the international experience and exposure of management as a key factor leading to performance enhancement in the internationalization process (Czinkota et al., 2004). International experience, networks and individual global mindsets of a firm's senior management are regarded as key drivers for SME internationalization. The literature review identified no research regarding the managerial internationalization competencies of GPI firms. Moreover, the new findings support earlier studies of SME

internationalization related to the relevance of management competencies of SME internationalization.

CON 1.2: New knowledge is gained in an industry-specific context, supporting earlier studies of SME internationalization about management experience and qualification as a key factor to performance enhancement in the internationalization process.

DRQ 1.3: What policy measures would support the GPI's internationalization process?

Earlier SME internationalization research identified that the majority of SMEs have a lower awareness of support measures. Instead of focusing solely on export launches or general information platforms, support measures should have a broader perspective and should be aligned towards assisting SMEs in their choice of strategy and the individual mix of internationalization activities to undertake (European Commission, 2003b). There is no data from previous studies about explicit policy measures at the company level that support GPI firms' internationalization activities.

CON 1.3: New knowledge is gained in an industry-specific context due to the observed lack of institutional support at company level and the policy measures identified as barriers for the GPI.

RQ 2: What are the internationalization motives of GPI SMEs?

DRQ 2.1: What are the proactive and reactive internationalization motives of GPI SMEs?

Only a few references in the literature related to the GPI's internationalization motives. Beutner and Klaus (2012) and Röhrig et al. (2010) observed a follow-the-customer strategy, while Vähä et al. (2011) observed expanding sales, market-seeking and following the customer as the main internationalization motives within the GPI. The new findings support the previous GPI-specific findings. Nevertheless, the motives are overlaid by other influencing factors. For instance, the market-seeking motive is defined as proactive (van Tulder, 2005). However, the investigation indicates that due to price competition, new sales markets are

being sought. In this context, market-seeking is more reactive and the GPI is forced to seek new markets. Furthermore, individual motives emerged that created a richer insight with more depth.

CON 2.1: Existing knowledge is expanded with more depth related to the GPI's internationalization motives.

DRQ 2.2: How does the sustainability movement affect the GPI?

Sustainability has been identified as a major trend within the global packaging industry that will dominate the next decade (Feber et al., 2019; Smithers, 2019a). Companies can gain a strong competitive advantage in the packaging industry by being able to market innovations, and sustainability will be a decisive characteristic in remaining competitive in the future (Väth et al., 2011). Väth et al. maintain that GPI firms have to integrate a sustainability strategy into their business model and adapt production and its associated processes to their customers' needs. SMEs can create an advantage over MNEs by concentrating on a market niche with differentiated and unique products (Chetty & Campbell-Hunt, 2003).

Previous packaging literature as well as GPI-specific studies point to the challenge of the sustainability trend to the GPI and suggest counteracting it with innovations. SME-specific literature advise focusing on niche markets with differentiated and unique products. The new findings identified industry-specific internal and external influencing factors that affect GPI firms' propensity to internationalize, which are essential for effective GPI internationalization. Furthermore, this research substantiated that successful GPI SMEs are more internationalized with differentiated products offered to niche markets. The new findings extend knowledge by comprehensively addressing the cause of the low levels of internationalization and present solutions that allow the industry to meet current and future challenges.

CON 2.2: Existing knowledge is expanded as a deeper understanding of influencing factors on GPI firms' internationalization develops. This is particularly true of those factors that address

the sustainability trend when they are subsumed under the external 'disruptive changes' component and incorporated into an innovative internationalization model.

DRQ 2.3: How do industry factors influence the GPI's internationalization activities?

Only limited studies exist regarding the influence of industry-specific factors on a firm's internationalization, and previous research has largely neglected industry-level factors, preferring to focus instead on firm- and country-level factors (Grøgaard et al., 2013; Kutschker & Schmid, 2008). The following four industry factors are assumed to have an impact on a firm's propensity to internationalize: (1) industry concentration, (2) research intensity, (3) the tangibility of the product and (4) the existence of clusters in the home market (Andersson et al., 2004; Benito et al., 2002; Contractor et al., 2003; Porter, 1990; Yu & Ito, 1988; as cited in Grøgaard et al., 2013).

Väth et al. (2011) observed a low level of industry concentration within the GPI. Furthermore, Väth et al. identified the highly competitive packaging market and suggested R&D networks with material suppliers and packaging machine manufacturers as well as with their customers. Neil-Boss and Brooks (2013) stated that the real driver of innovation in the packaging industry is the ultimate end-market consumer, meaning that packaging manufacturers need to have well-developed and collaborative relationships with their customers. They refer generally to the packaging industry, rather than specifically to the GPI. German plastic packaging manufacturers will not be able to afford high levels of R&D effort in the long term, which will likely result in further market consolidation (Bollinger & Junc, 2013).

The new findings mainly support previous studies on general industry factors. GPI-specific studies observed low levels of industry concentration, the industry factor of 'end market' as well as regulations and specifications. The new findings support the earlier studies about general industry factors as well as GPI-specific industry factors and identified further relevant industry-specific factors. In addition, the observed industry factors are integrated into an improved internationalization model.

CON 2.3: New knowledge is gained within an industry-specific context, supporting earlier studies about industry-specific as well as general industry factors. Further relevant industry factors were also observed.

RQ 3: Which internationalization strategies are applied by the GPI?

DRQ 3.1: Which pattern of market selection is adopted by the GPI?

A few observations exist that indicate a gradual internationalization process within the GPI (Beutner & Klaus, 2012; Hengsberger, 2016). Analogous to this finding, Bell et al. (2004) observed UK SMEs from traditional industries that followed an incremental approach to internationalization, which was influenced by their industry sector as well as managerial attitudes. In general, traditional firms following the stage model seem initially to focus on domestic markets, prefer psychically close markets, target less developed markets, are active in one market at a time, and are only triggered to internationalize by disadvantageous domestic market conditions or unsolicited orders (Bell et al., 2003).

The new findings support the GPI-specific and general SME internationalization studies. GPI firms tend to internationalize towards neighbouring countries, which is in line with observations of mature industries and traditional firms that favour psychically close markets. The new findings observed additional aspects that led to the market selection and identified that market selection is largely not supported by any strategy.

CON 3.1: Existing knowledge is extended and new knowledge related to the pattern of market selection within the GPI is discovered.

DRQ 3.2: What entry modes are applied by the GPI?

Costs, levels of risk and the degree of control constitute the three factors influencing the choice of entry mode (Anderson & Gatignon, 1986, as cited in Horner et al., 2016). Neil-Boss and Brooks (2013) identified modes related to setting up greenfield ventures within the packaging industry, although these were not GPI specific. A European SME survey indicated

that importing and exporting are the most common forms of internationalization (European Commission, 2003b). Văth et al. (2011) identified export as the main activity abroad within the GPI.

The new findings support the earlier studies, although they also found that greenfield operations are frequently excluded and the most extensive commitments usually end at the stage of acquisition.

CON 3.2: Existing knowledge is extended and new knowledge is discovered relating to the limiting FDI behaviour concerning greenfield operations.

DRQ: 3.3: Which products are chosen for marketing abroad?

There is always conflict between transport costs, plant capacity utilisation, inventory, customer service levels and good manufacturing practice requirements (Neil-Boss & Brooks, 2013). Neil-Boss and Brooks explain that the type of packaging (flexible plastic, paper, metal, etc.) and the served end-market (consumer food, health care, cosmetics, industrial, etc.) must always be considered. GPI firms attempt to retain customers through product innovation and by finding new market segments (Röhrig et al., 2010). Many SMEs do not have business models that are scalable to international markets (Achtenhagen, 2011).

Earlier studies generally highlight the GPI's need to create differentiated and innovative products. Additionally, not every packaging type is suitable for global export due to transport costs. The new findings support the previous SME and GPI-specific studies. In addition, it is observed that GPI firms market scalable products with no differentiation either to the domestic or to foreign markets, and the most internationalized SMEs offer innovative and customized products in niche markets. A range of service offerings also emerged.

CON 3.3: Existing knowledge is extended and new knowledge is created relating to the scalable products and identifying a service offering range.

DRQ 3.4: How long does the GPI take to expand abroad since inception/strategic realignment?

No studies examine how quickly SMEs spread their activities to other markets after the first foreign market has been entered (Hilmerston & Johanson, 2016). Mature industries are more structured and stable, network relationships are already established, and growth is slow (Andersson et al., 2014). Firms in this context are constrained by the industry structure, and the internationalization process is incremental and begins later in the company's lifecycle (Andersson et al., 2014), making it a risk-reducing, time-consuming and ultimately slow process (Hilmerston & Johanson, 2016). The nature and pace of internationalization is conditional, depending on product, industry and other external environmental variables, as well as on firm-specific factors (Bell & Young, 1998, as cited in Bell et al., 2004). There was no study identified that addresses the time and pace aspects within the GPI.

CON 3.4: New knowledge is gained in an industry-specific context by observing that within the most internationalized GPI SMEs the internationalization process intensifies after an intentional realignment. The findings indicate that GPI firms spread their activities to other markets at a slow pace after the first foreign market has been entered.

RQ 4: What modifications, if any, have to be made with respect to the identified internationalization strategies to adapt to industry-specific requirements?

The GPI must continuously identify all trends that might affect GPI firms and act quickly and accordingly (Beutner & Klaus, 2012). Moreover, innovative products and processes are important for the future survival of GPI firms (Väth et al., 2011). Paul and Rosado-Serrano (2019) claimed that in rapidly evolving environments, successful firms (not industry-specific) are more likely to be characterised by agility and flexibility. Sustainability has been identified as a major trend within the global packaging industry that will dominate the next decade (Beutner & Klaus, 2012; Feber et al., 2019; Hoffmann, 2016; Smithers, 2019a).

Current challenges caused by major trends like digitalisation, consumer trends, sustainability and demographic development suggest that the GPI may have to realign their business approach.

CON 4: The new findings support earlier SME- and GPI-specific studies. This research evaluates the realities of the GPI through the lens of stage theory and the born-global and born-again global approaches. The findings indicate that stage theory does not offer the answers to the challenges that the GPI is facing. An innovative approach to GPI internationalization was developed that takes GPI's requirements into account by the synthesis of stage theory, born-global theory, and born-again global theory aspects, and the integration of GPI-specific factors. The improved internationalization model contributes to coping with disruptive change, particularly the sustainability trend that calls into question established business models in the GPI.

6 CONCLUSIONS

6.1 Research Overview

This section provides the essence of the research results. First, the research aim is presented, followed by the RQs, ROs and answers.

Research aim: The author's research targets to develop industry-specific internationalization conceptualisations for the GPI and to contribute to the knowledge by examining a new sector that offers adaptations and extensions to management and policymakers.

RQ 1: What are the reasons for the low levels of internationalization within the GPI, which consists mainly of SMEs?

RO 1: To identify reasons for the low levels of internationalization within the GPI.

The key reasons for the low levels of internationalization within the GPI are the lack of personnel resources, lack of management experience and qualification, lack of multilingual personnel, language barriers, and financial risk. For more intensive market entry modes, the observed obstacles include sociocultural differences, lack of expertise and absence of organisational international networks. Individual obstacles are trade barriers, limited information and bureaucracy, for example, founding a subsidiary in a European country.

International experience and exposure of senior management is a key factor to firm internationalization. It is observed that managerial internationalization competencies in GPI firms are related to the firm's internationalization level. Many GPI SMEs are limited to exports, whereas more intensive market entry modes would require more sophisticated managerial considerations. The managerial internationalization competencies within the GPI fall at a moderate level. In addition, there was no evidence referring to the existence of relevant personal international networks among the senior management.

It is observed that most companies are missing institutional support, for instance from the chamber of commerce. General information about foreign markets is not sufficient to support

GPI SMEs attempting internationalization. Some supporting activities have been observed, but these initiatives are not permanent or long-lasting. Supporting activities may not be seen as a one-time practice, for instance an information event; it is a process and firms need sustained involvement.

Policy measures at the level of the firms in the firms' home country are required to overcome personnel constraints, lack of language skills, a shortfall of sociocultural competencies, and a lack of managerial internationalization competencies. Therefore, firm-specific policy measures should provide assistance to help guide the senior management in their choice of strategy, in the training they offer their managers, in the execution of the practical tasks of the internationalization process, for example, market evaluation, encouragement of networking as well as greater cooperation, and in the identification of appropriate business partners.

More positive indication is seen with regard to support measures in host countries. This mainly comes into play when firms think about advanced market entry modes like greenfield investments. On the other hand, even GPI MNEs avoid this entry mode due to the financial risk of high capital expenditures in combination with host countries' requirements, for example, minimum headcounts, if support measures like temporary tax cuttings are utilised.

At the federal and supranational levels of policy, it is observed that there is a need for trade barrier improvement (especially customs), support in finding junior staff and qualified employees due to the demographic trend, stimuli to enhance internationality (e.g., staying abroad), and reduction of bureaucracy, especially for company formation and the simplification of specifications for conformities.

RQ 2: What are the internationalization motives of GPI SMEs?

RO 2: To identify motives for internationalization within the GPI.

There is evidence that follow-the-customer and market-seeking are key motives of internationalization within the GPI. Generally, follow-the-customer is defined as a mixed motive that contains proactive as well as reactive impetus. Within the GPI, this motive

frequently relates to the urge of internationalized customers, such as brand owners of consumer goods. Essentially, the customers set the initiative and not the suppliers (GPI); therefore, the motive in this context is a more reactive one. Furthermore, reactive motives, for instance, excess capacity, proximity to foreign customers and unsolicited orders, are especially observed in the investigated GPI SMEs with low levels of internationalization. The motive 'market-seeking' is observed in all investigated GPI SMEs, though high price competition within the domestic market may have an effect on this motive and GPI SMEs are concentrating on differentiated and innovative products and high-quality goods and services to enhance their activities abroad. The investigation indicates that due to price competition, new sales markets are being sought. The GPI is forced to seek new markets and in this context, market-seeking has more reactive aspects.

Since public perception is currently focusing on the trend towards sustainability, end-consumers and customers are demanding better recyclable packaging based on renewable and post-consumer recycled content. The highly affected plastic packaging manufacturers have adapted their product portfolio, increased their R&D resources and realigned their business strategies. The GPI strives to improve its products' eco-balance and to meet growing customer demand for sustainable packaging.

A key industry factor for GPI SMEs, as well as for MNEs, is price competition, whereas the price competition is pivotal in the home market but not limited to it. Price competition pushes GPI SMEs to internationalize, whereas successfully internationalized firms focus on product and process innovation, quality services and differentiated products for niche markets, though they rarely move operations to low-cost countries.

Due to transport costs, packaging type and the level of processing are decisive in determining which geographic markets can be served profitably by exports. Distances range from 200 km for corrugated cardboards, 800 km for metal packaging to global reach for plastic film and paper specialties.

Furthermore, the GPI is a fragmented industry containing segments related to the individual packaging types, for instance, paper-based products like corrugated cardboard, plastics, metal, glass, and wood. Moreover, the technology and machinery set-up differs significantly for some packaging types. It is observed that raw material suppliers and numerous customers

are consolidated, which cannot be claimed for the GPI. The bargaining power of GPI firms with raw material suppliers and customers is low. Additionally, the served end-markets – for instance, consumer goods, food, cosmetics, health care and industrial markets must be taken into account as well. Global brand owners of consumer goods and cosmetics are highly internationalized and demand the same from their suppliers, for example, label manufacturers.

RQ 3: Which internationalization strategies are applied by the GPI?

RO 3: To identify general and industry-specific internationalization strategies in the GPI.

GPI firms are primarily active in neighbouring countries, and the market selection has developed gradually over time. The market selection is largely not supported by any strategy, rather, GPI firms expand their supplies to the domestic customers' subsidiaries abroad. This is a main reason for the present portfolio of foreign markets. Moreover, the German packaging manufacturers are looking for additional sales opportunities parallel to the highly competitive home market.

The GPI internationalizes gradually and with low levels of commitment. Even within family-owned GPI MNEs, the highest engagement ends frequently with an acquisition. Greenfield ventures in foreign markets are predominantly only undertaken if a key customer guarantees a basic utilisation of the operation for a certain period of time.

Most of the GPI firms offer scalable products with no differentiation either to the domestic or to foreign markets. The predominantly homogeneous products are moderately combined with technical on-site service and packaging optimisation. Innovative and customised products indicate an escape from cutthroat competition in the domestic and partially European-country markets for companies that are economically unable to achieve price or volume leadership. These products are frequently sold in niche markets, which is why a higher level of internationalization is the inevitable consequence.

GPI SMEs start to expand their activities abroad later in their lifecycles. Furthermore, within highly internationalized SMEs, the internationalization process was intensified after an

intentional realignment, whereas such events as ‘coincidence’ and ‘unsolicited orders’ could cause the process in low-internationalized SMEs. The mature GPI seems to be growing slowly, and presumably, German packaging manufacturers spread their activities at a slow pace to other markets after entering the first foreign market.

RQ 4: What modifications, if any, have to be made with respect to the identified internationalization strategies to adapt to industry-specific requirements?

RO 4: To develop a model (adapted, if needed, to industry-specific requirements) of the internationalization of the GPI.

The answer to RQ 4 is an innovative GPI internationalization model (Figure 6.1). This research evaluates the realities of the GPI through the lens of stage theory and the born-global and born-again global approaches. The findings indicate that stage theory does not offer the answers to the challenges the GPI is facing. An innovative internationalization model was developed that takes GPI's requirements into account by synthesising stage theory, born-global theory, and born-again global theory and the integration of GPI-specific factors. The improved internationalization model contributes to coping with disruptive change, particularly the sustainability trend that calls into question established business models in the GPI.

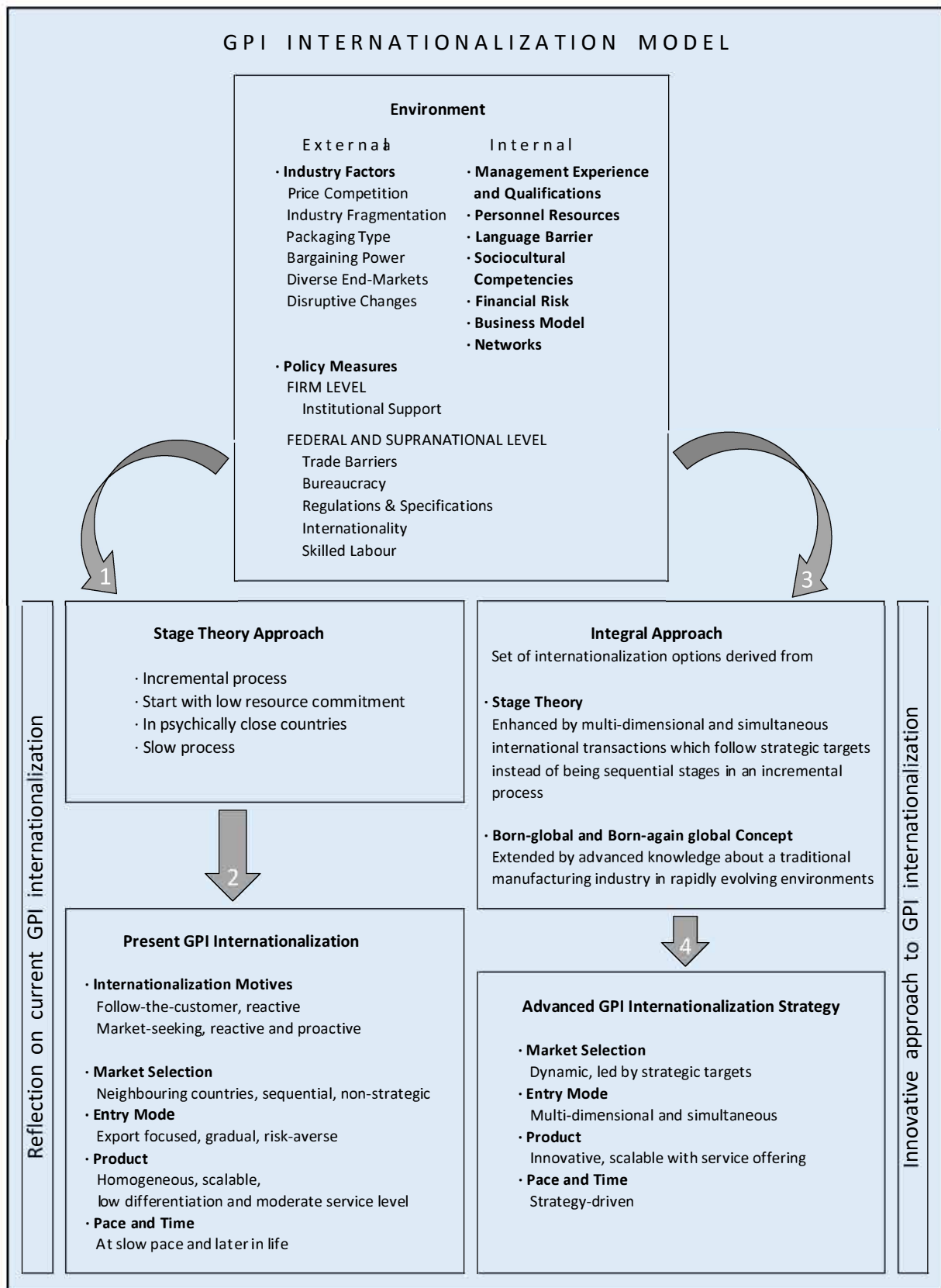


Figure 6.1 GPI internationalization model.

6.2 Contribution to Knowledge

Dabić et al. (2020) identify the minimal attention paid to low-tech industries in developed countries as a key research gap in the literature on SME internationalization. Relatedly, Paul and Rosado-Serrano (2019) called for the development of theoretic models to investigate the born-global approach of firms from different types of industries, for example, traditional manufacturing firms. Furthermore, Hilmersson and Johanson (2016) note that no studies examine how quickly SMEs spread their activities to other markets after they have entered their first foreign market.

This research responds to the call of Paul and Rosado-Serrano (2019) and Dabić et al. (2020) by investigating the internationalization of the packaging industry, which is a low-tech industry – consisting of traditional manufacturing firms – in Germany, a developed country. The findings reveal that GPI firms spread their activities to other markets at a slow pace after entering the first foreign market. However, the firms under consideration here were not able to specify exactly when after that first market they entered the second, because they were engaged in a non-strategic approach and focus on export activities. This new insight might contribute to SME internationalization research given Hilmersson and Johanson's (2016) finding on the absence of studies on the speed with which SMEs expand to additional markets.

An innovative internationalization model was developed that takes GPI's requirements into account by synthesising stage theory, born-global theory, and born-again global theory aspects, and integrating GPI-specific factors. In addition, the current research, which uses stage theory, revealed that the GPI has not adequately responded to challenges such as the sustainability megatrend. The innovative internationalization model contributes to coping with disruptive change, particularly the sustainability megatrend that calls into question established business models in the GPI. The synthesis of stage theory, born-global theory, and born-again global theory in the context of disruptive change, in particular the sustainability megatrend, has not yet been presented in SME internationalization research.

Past GPI literature only addressed single aspects of market selection, entry mode, and industry factors. It did not explore the realities within the GPI and there was no existing industry-specific internationalization model. The previous GPI literature only pointed to the

low levels of internationalization, but did not provide any comprehensive reasons for this and no solutions were provided to guide the industry in meeting current and future challenges.

This research identifies key aspects in the packaging industry in Germany that impact internationalization. These have not yet been examined and this research therefore contributes to knowledge production. The influencing factors related to the internal environment of GPI firms are: management experience and qualifications, personnel resources, language barriers, sociocultural competencies, financial risk, the business model, and networks (see Figure 6.1, model segment 'Environment'). Hence, the reasons identified for the low levels of internationalization within the GPI related to the internal environment are the lack of personnel resources, lack of multilingual personnel, language barriers, and aversion to financial risk. Furthermore, having only minimal management experience and qualifications is found to correlate with low levels of internationalization among GPI SMEs. In addition, for more intensive market entry modes, the observed obstacles include sociocultural differences, lack of expertise and absence of international organisational networks.

Industry factors and policy measures in the external environment of GPI firms also impact internationalization. The study reveals the following industry factors are relevant: price competition, industry fragmentation, packaging type, bargaining power, diverse end-markets, and disruptive change. Relevant policy measures are: institutional support, trade barriers, bureaucracy, regulations and specifications, internationality, and skilled labour (see Figure 6.1, 'External Environment').

This research contributes to knowledge by showing how the stage theory approach describes the present GPI internationalization behaviour (which is incremental and slow), starting with low resource commitment in psychically close countries (see Figure 6.1, model segment 'Stage Theory Approach').

Moreover, this study evaluates the internationalization motives within the GPI. Beutner and Klaus (2012) and Röhrig et al. (2010) observed a follow-the-customer strategy, while Văth et al. (2011) observed expanding sales, market-seeking and following the customer as the main internationalization motives within the GPI. This research identifies 'follow-the-customer' and 'market-seeking' as key motives of internationalization within the GPI (see Figure 6.1, model

segment 'Present GPI Internationalization', component 'Internationalization Motives'). Hence, this study confirms the findings of existing GPI literature. Further motives emerged in this research. Especially in GPI SMEs with low levels of internationalization, the reactive motives excess capacity, proximity to foreign customers, and unsolicited orders are observed. This observation generates rich insight into the motivation of GPI firms that are dominated by a more reactive impetus to internationalization, thereby contributing to knowledge.

The constructs 'Market Selection', 'Entry Mode', 'Product' as well as 'Pace and Time' of the model segments 'Present GPI Internationalization' and 'Advanced GPI Internationalization Strategy' (see Figure 6.1) are based on the work of Ruzzier et al. (2006) who, in their international entrepreneurship conceptual model, presented four main dimensions of internationalization: mode, market, product, and time. The speed (pace) aspect is adapted from Taylor and Jack's (2016) work on born-global internationalization. GPI firms tend to internationalize towards neighbouring countries. This finding confirms observations in traditional and mature industries that favour psychically close markets (Andersson et al., 2014). The findings here revealed additional relevant aspects – accessibility, trade fairs, networks, and unsolicited orders – that led firms to select particular markets. The investigation also demonstrates that the selection of markets has developed gradually over time within the GPI and is largely not supported by any strategy (see Figure 6.1, model segment 'Present GPI Internationalization', component 'Market Selection'); this observation had not previously been made and thus contributes to knowledge.

This study observed export as the main entry mode of GPI firms, which is in line with existing GPI literature, such as Våth et al. (2011). This research also contributes the finding that many GPI SMEs frequently exclude greenfield operations, not because of a lack of financial resources but because GPI firms do not want to take the financial risk of high capital expenditures. This study reveals that firms in the GPI internationalize gradually and with low levels of commitment. In addition, the most extensive commitments of GPI firms usually end at the stage of acquisition (see Figure 6.1, model segment 'Present GPI Internationalization', component 'Entry Mode').

Furthermore, GPI firms market homogeneous and scalable products that are not differentiable to domestic or foreign markets (see Figure 6.1, model segment 'Present GPI

Internationalization', component 'Product'). More internationalized GPI SMEs offer innovative and scalable products with a range of service offerings in niche markets (see Figure 6.1, model segment 'Advanced GPI Internationalization', component 'Product').

SMEs in the GPI generally started to expand their activities abroad later in their lifecycles, and internationalization was executed at a slow pace, a finding that is novel for the GPI (see Figure 6.1, model segment 'Present GPI Internationalization', component 'Pace and Time'). The GPI internationalization model suggests the importance of a strategy-driven pace and time considerations (see Figure 6.1, segment 'Advanced GPI Internationalization Strategy', component 'Pace and Time'). This observation could also contribute to SME internationalization research given Hilmersson and Johanson's (2016) statement about the lack of studies examining how quickly SMEs spread their activities to other markets after the first foreign market has been entered.

The European Commission (2003b) suggests a holistic approach to SME internationalization with reference to the stage theory and the born-global model. They maintain that the stage theory concept is challenged by the born-global concept and that internationalization comprises a whole series of transnational activities, mutually supporting each other, rather than being sequential stages in a gradual transaction. More recently Paul and Rosado-Serrano (2019) called for the development of theoretic models that would allow the investigation of the born-global approach of firms from, inter alia, traditional manufacturing industries. In fast-developing environments, they argued that successful companies are agile and flexible with a transformative instead of passive entrepreneurial management. The GPI internationalization model developed in this study combines a set of internationalization options derived from stage theory, the born-global, and the born-again global concept, and taking into account industry-specific factors (see Figure 6.1, model segments 'Integral Approach' and 'Environment').

Stage theory presumes that internationalization will evolve, even though strategic decisions are not undertaken (Johanson & Wiedersheim-Paul, 1975; Knight & Cavusgil, 1996) and disregards industry-specific factors. In contrast, this improved GPI internationalization model incorporates industry-specific factors by identifying the internal and external factors influencing GPI firms' internationalization (see Figure 6.1, model segment 'Environment'). A

further significant difference in this integral approach is that internationalization follows strategic targets and does not adhere to rigid sequential stages. Furthermore, the entry mode and market selection are subordinated to these strategic targets (see Figure 6.1, model segment 'Advanced GPI internationalization', components 'Market Selection' and 'Entry Mode').

The born-global concept is centred around the manager and their intercultural skills, international knowledge, education, and networks in order to overcome the restraints of psychic distance. A born-global manager has routines for managing multicultural workforces and for targeting customers in multiple countries simultaneously (McDougall et al., 1994, as cited in Wright et al., 2007). The born-again global concept reflects systematic internationalization following a critical incident later in a firm's lifecycle (Bell et al., 2001, as cited in Sheppard & McNaughton, 2012). These aspects of the born-again global concept are applicable for the GPI as a traditional industry facing disruptive challenges such as the sustainability movement (critical incident), which results in existing GPI firms questioning their business models.

In sum, the main contribution to knowledge is an innovative, industry-specific internationalization model for the GPI that was obtained by synthesising stage theory, born-global theory, and born-again global theory and integrating GPI-specific factors. Knowledge of the industry-specific context is established by identifying multiple relevant obstacles that hinder GPI firms' internationalization. Existing knowledge of GPI-specific internationalization motives is enhanced and a deeper level of understanding is made possible. The internationalization model introduced was specifically developed for the GPI. However, it can, in large part, be applied to other traditional industries (see 5.1, 'Validating Initial Conceptualisation'). Therefore, this research contributes to knowledge about SME internationalization in other traditional manufacturing industries. To explore the relationships between the model components and its applicability to other industries, quantitative studies can make an additional contribution.

6.3 Contribution to Management and Policymakers

(A) Management

The improved internationalization model meets the GPI's requirements and contributes to coping with disruptive change, particularly the sustainability trend that questions established business models within the GPI as a traditional, mature industry. Furthermore, senior managers can review the most significant influencing factors of GPI internationalization at a glance, evaluate their own company conditions and initiate, if necessary, improvement measures. In addition, the management has a template for contacting their industry association or other institutional policymakers, for instance their local chamber of commerce, about policy measures that might support internationalization initiatives.

SMEs face legitimacy, economic and resource dependency challenges when attempting to attract and retain talent who can contribute to successful internationalization (Dabić et al., 2020). Moreover, Germany is a low power distance country and those in leadership positions are challenged to show their competence (Hofstede, 2021). This research provides the impetus for GPI's management to reflect on and develop their skill set to overcome barriers to internationalization and attract and retain talent.

(B) Policymakers

It is observed that most companies are missing institutional support, for instance from the chamber of commerce. General information about foreign markets is not sufficient to support GPI SMEs attempting internationalization. Some supporting activities have been observed, but these initiatives are not permanent or long-lasting. Firms need sustained involvement.

At the federal and supranational levels of policy, it is observed that there is a need for trade barrier improvement (especially customs), support in finding junior staff and qualified employees due to the demographic trend, stimuli to enhance internationality (e.g., staying abroad), and reduction of bureaucracy, especially for company formation and the simplification of specifications for conformities. To intensify internationalization activities, especially FDIs, domestic funding programmes might be helpful to offset the financial risk.

Finally, policy measures at the level of the firms in the firms' home country are required. The new findings revealed that GPI SMEs have personnel constraints, lack of language skills, a shortfall of sociocultural competencies, and lack managerial time and amendable managerial internationalization competencies. Therefore, firm-specific policy measures should provide assistance to help guide the senior management in their choice of strategy, in the training they offer their managers, in the execution of the practical tasks of the internationalization process (e.g., market evaluation), and in the identification of appropriate business partners. Most of the outlined support measures have already been identified by the European Commission (2003b) as relating to SME support; they are also suitable for addressing the identified GPI-specific obstacles. These policy measures, combined with the encouragement of networking and greater cooperation enhance the GPI SMEs' abilities that ensure competitive advantage.

There may be a lack of industry-specific insights to provide an efficient support programme by the chamber of commerce. Therefore, another approach to accelerate GPI internationalization could be cooperation between the chamber of commerce and industry consultancies.

6.4 Limitations

There may be some possible limitations in this study. First, the author conducted telephone interviews instead of the intended face-to-face meetings. There is a lack of interaction between the interviewer and participant when conducting telephone interviews. Second, human errors are possible. For instance, mistakes can occur in the interpretation of results, especially in qualitative research. Third, the study is constrained by the extent of existing knowledge. It is likely that the author did not fully identify the existing knowledge. Fourth, there is a lack of previous studies in the research area. The most extensive GPI-specific studies identified are Röhrig et al. (2010) and Vähä et al. (2011), which are 10 and 11 years old, respectively. Fifth, the scope of the study's discussions is probably limited when compared to the studies of practiced scholars. Sixth, it is most likely that relevant considerations that could have been conducive to the research outcome stayed below the surface. For instance, the key

obstacle of sociocultural differences was very rarely addressed by little-internationalized SME case firms due to a previous lack of necessity to evaluate foreign markets or interact with foreign cultures. However, it was beneficial to have interviews not only with GPI firms but with industry experts as well. The industry experts made this topic relevant.

6.5 Suggestion for Further Research

Some components of the GPI internationalization model could be tested with quantitative methods to identify whether there is a different approach for model improvement. Furthermore, it would be of interest to put this model into practice and study the implementation process in order to draw conclusions for adaptation. The model would be particularly interesting to implement at a GPI start-up. Research on born-global firms in traditional and mature industries is lacking. Due to rapidly developing digitalisation in general and especially in printing technology, there are more young entrepreneurs who are new to the industry and who manufacture customized products and market them online to consumers. The new internationalization model could be tested within such a setting and compared to traditional firms' business models and the born-global components of the GPI internationalization model.

As outlined in section 6.2, new knowledge is gained in an industry-specific context by observing that within the most internationalized GPI SMEs, the internationalization process intensified after an intentional realignment. It is indicated that GPI firms spread their activities to other markets at a slow pace after the first foreign market has been entered. This might contribute to SME internationalization research due to Hilmer'sson and Johanson's (2016) findings that no studies examine how quickly SMEs spread their activities to other markets after the first foreign market has been entered. In this study, the case firms were not able to specify exactly when they entered the second market after the first due to a non-strategic approach and a focus on export activities. Therefore, it could be of interest to identify other companies that apply several entry modes and examine this circumstance in more detail.

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Appendix 1

Table 2.1 Findings of the preliminary literature review

Author(s) / Year	Title	Type of Doc.
Abel et al. 2006	Kleine und mittelgroße Unternehmen im globalen Innovationswettbewerb	book
Abels et al.	Internationalisierung von Klein- und Mittelbetrieben	book
Albaum et al. 2011	International marketing and export management	book
Albaum et al. 2005	International marketing and export management	book
Alber et al. 2009	Jahresmittelstandsbericht 2009	internet doc.
Altmann 2009	Außenwirtschaft für Unternehmen	book
Altvater et al. 2007	Grenzen der Globalisierung	book
Amin et al. 2000	Globalization, institutions and regional development in Europe	book
Aschinger et al. 1999	Globalisierung und Soziale Marktwirtschaft	book
Audretsch 2003	SMEs in the age of globalization	undef. type of doc.
Bamberger 1990	Strategic orientations of small European businesses	undef. type of doc.
Bamberger 1995	Anpassungsstrategien kleiner und mittlerer Unternehmen an die Globalisierung der Märkte	grey literature
Bamberger et al. 1995	Internationalisierung und strategisches Verhalten von Klein- und Mittelunternehmen	grey literature
Bartlett et al. 2008	Transnational management	book
Bechdorf 2007	Amerikanisierung - Globalisierung	book
Becker 2005	Controlling von Internationalisierungsprozessen	book
Becker et al. 2002	Mittelstand von A bis Z	book
Behr 2000	Produktion international	book
Behr 2002	Erhöhung der Globalisierungsfähigkeit kleiner und mittlerer Unternehmen	book
Behr et al. 2004	Internationalisierung kleiner und mittlerer Unternehmen	book
Bello et al. 2006	Global Marketing and Procurement of Industrial Products	journal
Berger et al. 1985	Auslandsinvestitionen kleiner und mittlerer Unternehmen	book
2001	Bericht der Kommission an den Rat, das Europäische Parlament, den Wirtschafts- und Sozialausschuss und den Ausschuss der Regionen	book
Beschorner et al. 2007	Internationalisierungsstrategie für kleine und mittlere Unternehmen	journal
Betz 2009	Globalisierung und internationale Politik	book
Bhagwati 2008	Verteidigung der Globalisierung	book
Bluhm et al. 2008	Change in SMEs	book
Blum et al. 2005	Globale Wirtschaft - nationale Verantwortung	book
Bogaschewsky 2007	Beschaffung vor dem Hintergrund der Globalisierung	book
Borrmann et al. 2003	Auslandskontrollierte Unternehmen - ein Gewinn für den nationalen Arbeitsmarkt?	book

Appendix 1

Table 2.1 Findings of the preliminary literature review (continued)

Author(s) / Year	Title	Type of Doc.
Böttger et al. 2000	Globalisierung und Nachhaltigkeit	book
Bradley et al. 2006	Use of Supplier-Customer Relationships by SMEs to Enter Foreign Markets	journal
Brenken 2006	Die Globalisierung des Mittelstandes	internet doc.
Brock 2008	Globalisierung	book
Bruhn 2005	Internationalisierung von Dienstleistungen	book
Cavaleri 2008	Internationalisierung mittelständischer Unternehmen	book
Christensen 2006	Managing complexity and change in SMEs	undef. type of doc.
Colon et al. 1997	Grenzen des Wettbewerbs	book
Cutura et al. 2005	Internationalisierung von KMU	book
Czech-Winkelmann et al. 2008	Handbuch International Business	book
Dana et al. 2008	Handbook of Research on European Business and Entrepreneurship	book
D'Aveni et al. 1995	Hyperwettbewerb	book
Deresky 2011	International management	book
Detscher 2006	Direktinvestitionen in Mittel- und Osteuropa	book
Devinney 2010	The past, present and future of international business & management	book
Dicken 2007	Global shift	undef. type of doc.
Dicken 2007	Global shift	book
Dornig 2006	Mittelstand goes Global	internet doc.
Dürschmidt 2004	Globalisierung	book
Duwendag 2006	Globalisierung im Kreuzfeuer der Kritik	book
Etemad 2003	Globalization and entrepreneurship	undef. type of doc.
Faix et al. 2006	Praxishandbuch Außenwirtschaft	book
Fodors 1993	Marktzutrittsbarrieren in den USA und Kanada	book
Freeman et al. 2006	How Smaller Born-Global Firms Use Networks and Alliances to Overcome Constraints to Rapid Internationalization	journal
Fuchs et al. 2009	Management internationaler Geschäftstätigkeit	book
Fuchs et al. 1999	Die Bindungen der Globalisierung	book
Gerum et al. 1999	Internationalisierung kleiner und mittlerer Betriebe durch Unternehmensnetzwerke	grey literature
Giersch 2001	Abschied von der Nationalökonomie	book
Giesel et al. 1999	Globalisierung	book
Glaum 2007	Internationalisierung und Unternehmenserfolg	book

Appendix 1

Table 2.1 Findings of the preliminary literature review (continued)

Author(s) / Year	Title	Type of Doc.
Govindarajan et al. 2002	Erfolgreiche Internationalisierungsstrategien	book
Grefermann 1997	Globalisierung und Konzentration	book
Grömling et al. 1998	Industrie und Dienstleistungen im Zeitalter der Globalisierung	book
Group of Lisbon et al. 1997	Grenzen des Wettbewerbs	book
Günterberg et al.	SMEs in Germany	book
Gutmann et al. 2000	Internationalisierung im Mittelstand	book
Hahti 1998	The internationalization of SMEs	book
Haar et al. 2008	Small firms, global markets	book
Haas et al. 2006	Internationale Wirtschaft	book
Haas et al. 2003	Unternehmerisches Beschaffungswesen und Importwirtschaft	book
Habedank 2006	Internationalisierung im deutschen Mittelstand	book
Haimerl et al. 2005	Was läuft falsch bei Marktsegmentationen?	journal
Hansen 2008	Politik und wirtschaftlicher Wettbewerb in der Globalisierung	book
Haunschild et al. 2007	Die Bedeutung der außenwirtschaftlichen Aktivitäten für den deutschen Mittelstand	internet doc.
Hering et al. 2001	Internationalisierung des Mittelstandes	book
Hodicová 2007	Psychische Distanz und Internationalisierung von KMU	book
Holtbrügge et al. 2003	Die Internationalisierung von kleinen und mittleren Unternehmen	book
Holtbrügge et al. 2006	Erfolgsfaktoren mittelständischer Weltmarktführer	internet doc.
Icks 1997	Unternehmen Mittelstand	book
Jahnke 2008	Globalisierung: Legende und Wahrheit	book
Jungnickel 2003	Foreign-owned firms in the German labour market	undef. type of doc.
Jungnickel 2003	German FDI and integration of production in the EU	undef. type of doc.
Kastl et al. 2000	Going global	book
Kaufmann 1993	Internationalisierung durch Kooperation	book
Kelly 2009	International business and management	book
Kleinert et al. 2000	Globalisierung, Strukturwandel und Beschäftigung	book
Koch 2000	Globalisierung der Wirtschaft	book
Kramer 2002	Das Unternehmen zwischen Globalisierung und Nachhaltigkeit	book
Krämer 2003	Mittelstandsökonomik	book
Kreibich 2009	Forum Management	lecture
Kutschker 1998	Integration der internationalen Unternehmung	book

Appendix 1

Table 2.1 Findings of the preliminary literature review (continued)

Author(s) / Year	Title	Type of Doc.
Kutschker et al. 2008	Internationales Management	book
Lay et al. 2001	Leitfaden: Globalisierung erfolgreich meistern	book
Liebscher et al. 2007	Foreign direct investment in Europe	book
Luthans et al. 2009	International management	book
Macharzina et al. 2008	Unternehmensführung	book
Mander 2002	Schwarzbuch Globalisierung	book
Meiler 1999	Mittelstand und Betriebswirtschaft	book
Mewes et al. 2000	Mit Nischenstrategie zur Marktführerschaft	book
Meyer 1999	Flensburger Forschungsbeiträge zu kleinen und mittleren Unternehmen	book
Meyer 2001	Innovationsmanagement in kleinen und mittleren Unternehmen	book
Meyer 2004	Kooperationen von kleinen und mittleren Unternehmen in Europa	book
Meyer 2006	Kleine und mittlere Unternehmen in neuen Märkten	book
Meyer 2008	Management-Kompetenz in kleinen und mittleren Unternehmen	book
Micklethwait et al. 2000	Futur II - Globalisierung als Erfolgsgeschichte	book
Morschett 2007	Institutionalisierung und Koordination von Auslandseinheiten	book
Morschett et al. 2009	Strategic International Management	book
Müller 2002	Globalisierung	book
Müller et al. 2000	Internationale Wettbewerbsfähigkeit	book
Müller et al. 2001	Streitfall Globalisierung	book
Nienaber 2003	Internationalisierung mittelständischer Unternehmen	book
O. V. 2009	Auslandsinvestitionen in der Industrie	internet doc.
Oetinger 1998	Strategien für die neue Weltwirtschaft	book
Oxelheim et al. 2004	European Union and the race for foreign direct investment in Europe	book
Paquin 2000	Internationale Joint Venture als Organisationsform des Technologietransfers	book
Pfohl 1997	Betriebswirtschaftslehre der Mittel- und Kleinbetriebe	book
Piercy 2002	Market-Led Strategic Change	book
Pleitner 2002	Internationalisierung europäischer Klein- und Mittelunternehmen (INTERSTRATOS)	book
Porter 2000	Wettbewerbsvorteile	book
Porter 2004	Competitive strategy	book
Porter et al. 2007	The global competitiveness report 2007-2008	book

Appendix 1

Table 2.1 Findings of the preliminary literature review (continued)

Author(s) / Year	Title	Type of Doc.
Rammer et al. 2006	Innovationspotenziale von kleinen und mittleren Unternehmen	book
Rehbein et al. 2008	Theorien der Globalisierung	book
Reimann 2002	Globalisierung	book
Reker 2001	Ursachen und Verflechtung deutscher Direktinvestitionen	book
Ringlstetter et al. 2003	Perspektiven der strategischen Unternehmensführung	book
Rödl 2009	Management und Marketing	lecture
Römer 2007	Offshoring - wie viele Jobs gehen ins Ausland?	book
Rugman 2011	The Oxford handbook of international business	book
Rutherford et al. 2006	Single Source Supply versus Multiple Source Supply	journal
Scharrer 2001	Internationalisierung und Länderselektion	book
Schauf 2006	Unternehmensführung im Mittelstand	book
Schief 2003	Globalisierung	book
Schmid 2007	Strategien der Internationalisierung	book
Schmid 2009	Management der Internationalisierung	book
Schmitz 2004	Local enterprises in the global economy	undef. type of doc.
Schmitz 2006	Zufriedenheitsdimensionen im internationalen Vertrieb	journal
Schneider 2008	Globalisierung und Wohlstand	book
Schöning et al. 2004	Mittelstandsforschung	book
Schulz et al. 2002	Das Phänomen der Rückverlagerung	book
Schulz et al. 2006	Internationalisierung von kleinen und mittleren Unternehmen (KMU)	book
Schwenker 2009	Management und Marketing - Die globale Krise und die Chance einer überlegenen europäischen Unternehmensführung	lecture
Schwens 2008	Early internationalizers	book
Siebert 1997	Weltwirtschaft	book
Simon 2007	Der Internationalisierungsprozess von Unternehmen	book
Simon 2007	Hidden Champions des 21. Jahrhunderts	book
Speich et al. 2005	Unternehmerischer Patriotismus in Zeiten globaler Märkte	book
Stiglitz et al. 2003	Die Schatten der Globalisierung	book
Strauß 2004	Demand and supply of aggregate exports of goods and services	book
Tallman 2008	A new generation in international strategic management	book
Thelen 1993	Die zwischenbetriebliche Kooperation	book

Appendix 1

Table 2.1 Findings of the preliminary literature review (continued)

Author(s) / Year	Title	Type of Doc.
Tholen et al. 2005	Die Auswirkungen von Direktinvestitionen deutscher Unternehmen in Mittel-/Osteuropa - Größenordnung, Motive, Strategien, Arbeitsplätze	book
Schlecht et al. 2004	Mythos Standortschwäche	internet doc.
Vollmer 2007	Globalisierung und Wandel von Institutionen	book
Weber 1997	Internationalisierungsstrategien mittelständischer Unternehmen	book
Weikl 1998	Internationalisierung deutscher Klein- und Mittelunternehmen	book
Welge et al. 1998	Das Management globaler Geschäfte	book
Wimmer et al. 2005	Familienunternehmen - Auslaufmodell oder Erfolgstyp?	book
Wolter et al. 2001	Die Bedeutung des Eigentümerunternehmens in Deutschland	internet doc.
Yip 1996	Die globale Wettbewerbsstrategie	book
Yip 2003	Total global strategy II	book
Zentes et al. 2006	Internationales Marketing	book
Zentes et al. 2008	Fallstudien zum Internationalen Management	book
Zippel 2006	EU-Förderprogramme für kleine und mittelständische Unternehmen	book

Table 2.3 Review protocol

Search Terms/Options and Limiters	Database	Date of Search	Results	Relev. Abstracts/Articles	Downloads
<i>internationalization</i> • anywhere in the article • articles published between 1980-2012 • articles in all subject areas	Google Scholar	03.01.2012	153K	not reviewed	0
<i>internationalization AND sme AND NOT mne</i> • anywhere in the article • articles published between 1980-2012 • articles in all subject areas	Google Scholar	03.01.2012	12.1K	not reviewed	0
<i>internationalization AND sme AND NOT mne</i> • in the title of the article • articles published between 1980-2012 • articles in all subject areas	Google Scholar	03.01.2012	71	0	0
<i>internationalization AND sme AND NOT mne</i> • in the title of the article • articles published between 1980-2012 • articles in the following subject areas: o Business, Administration, Finance, Economics o Social Sciences, Arts, Humanities	Google Scholar	03.01.2012	36	8 AB/7 AR	Ruzzier, Hisrich (2007), AR; Ruzzier, Hisrich (2006), AB; Basly (2007), AR; Wattanaprut. (2005), AR; Smolarski (2009), AR; Chelliah (2010), AR; Pichler (2008), AR;
<i>internationalization AND small medium size</i> • in the title of the article • articles published between 1980-2012 • articles in the following subject areas: o Business, Administration, Finance, Economics o Social Sciences, Arts, Humanities	Google Scholar	03.01.2012	11	1 AB/1 AR	Lu, Beamish (2006), AB; Prashantham (2005), AR;

Table 2.3 Review protocol (continued)

Search Terms/Options and Limiters	Database	Date of Search	Results	Relev. Abstracts/Articles	Downloads
<i>internationalization OR globalisation</i> • with at least one of the word: german • in the title of the article • articles published between 1980-2012 • articles in the following subject areas: o Business, Administration, Finance, Economics o Social Sciences, Arts, Humanities	Google Scholar	03.01.2012	183	3 AB/3 AR	Vitols (2005), AR; Amann (2003), AR; Kinkel, Lay (2008), AB; Carr (2005), AB;
• Brows → bibliographic databases • Brows options → by subject: o Top Management → International Business o Selected Year: 2011 • Brows → bibliographic databases • Brows options → by subject: o Top Management → International Business o Selected Year: 2010 Content = All content, (internationalization in All except full text), between 1980 & 2012, inc. EarlyCite articles, inc. Backfiles content and (in results: sme)	Emerald Managem. Reviews	05.01.2012	221	0 (only titles)	0
	Emerald Managem. Reviews	05.01.2012	353	0 (only titles)	0
	Emerald Managem. Reviews	13.01.2012	72	1 AR	Ruzzier, Hisrich (2006), AR;
Boolean/Phrase: <i>TI (internation* OR globaliz*) AND (sme* OR small* medium* size*) AND (compan*OR enterpris* OR firm*)</i> • Language: english and german	Business Source Complete	06.01.2012	27	3 AR	De Clerq (2005), AR; Moen (2000), AR; Kontinen (2011), AR;

Table 2.3 Review protocol (continued)

Search Terms/Options and Limiters	Database	Date of Search	Results	Relev. Abstracts/Articles	Downloads
Boolean/Phrase: <i>TI (fdi OR "foreign direct investm*") OR (international OR globali*) AND (sme* OR small* medium* size*) AND (compan*OR enterpris* OR firm*) AND TI german*</i> • Scholarly (Peer Reviewed) Journals	Business Source Complete	06.01.2012	25	1 AB/1 AR	Buch, Lipponer (2005), AR; Behnam (2001), AB; Arnold, Hussinger (2010), AB;
Boolean/Phrase: <i>TI ((fdi OR "foreign direct investm*") OR (international* OR globali*) AND (sme* OR small* medium* size*) AND (compan*OR enterpris* OR firm*)) AND TI german*</i> • Scholarly (Peer Reviewed) Journals	Business Source Complete	14.03.2012	28	0	0
Boolean/Phrase: <i>TI ((internationali* OR globali*)) AND TI germa*</i>	Business Source Complete	14.03.2012	44	1 AR	Hederer, Hoffmann, Kumar (1972), AR;
Boolean/Phrase: <i>internationali* AND sme AND fdi AND german*</i>	Business Source Complete	14.03.2012	3	0	0
Boolean/Phrase: <i>AB internationali* AND AB ((sme* OR small medium size*)) AND KW ((international business OR strategic management))</i> • Published Date from: 1980-2012	Business Source Complete	15.03.2012	11	1 AB	Knight, Kim (2009), AR;

Table 2.3 Review protocol (continued)

Search Terms/Options and Limiters	Database	Date of Search	Results	Relev. Abstracts/Articles	Downloads
Boolean/Phrase: AB ((internationli* ORglobali*)) ANDAB ((sme OR small medium size*)) AND KWintern* managem* ANDAB german* • Published Date from: 1980-2012	Business Source Complete	15.03.2012	0	0	0
Boolean/Phrase: AB direct investm* ANDAB ((sme* OR small* OR medium*)) AND AB ((enterpris* OR compan* OR firm* OR entit*)) AND AB german* NOT AB ((mne* OR multinational*)) ANDAB manufactur* • Published Date from: 1980-2012	Business Source Complete	15.03.2012	2	0	0
Boolean/Phrase: TI german* industr* AND SU ((internationali* OR globali*)) OR SU fdi ANDAB sme*	Business Source Complete	15.03.2012	7	0	0
Boolean/Phrase: AB german* packag* industr* AND SU ((internationali* ORglobali*))	Business Source Complete	15.03.2012	0	0	0
Boolean/Phrase: AB packag* industr* AND SU ((internationali* OR globali*))	Business Source Complete	15.03.2012	7	2 AR	Frame, Cohn (2008), AR; Strzelecki (2008), AR;
Boolean/Phrase: SU packag* AND SU ((globali* ORinternationali*)) ANDAB german*	Business Source Complete	17.03.2012	0	0	0
Boolean/Phrase: TX packag* AND SU ((globali* ORinternationali*)) ANDAB german*	Business Source Complete	17.03.2012	35	1 AR	Fryges (2008), AR;

Table 2.3 Review protocol (continued)

Search Terms/Options and Limiters	Database	Date of Search	Results	Relev. Abstracts/Articles	Downloads
Boolean/Phrase: TI /AB `internationalisation' OR TI/AB 'globalization' AND TI/AB 'germany' Restricted to Language(s) English , Including Multilingual Summaries Restricted to Theme Industry and Services Published Between 1900 and 2012 (limitation before 1997 = 1900)	OECD iLibrary	18.03.2012	78	0 (2 relevant articles, access refused)	0
Boolean/Phrase: TI /AB `outward fdi' AND TI/AB 'german' AND TI /AB 'sme' Restricted to Language(s) English , Including Multilingual Summaries Restricted to Theme Industry and Services Published Between 1900 and 2012 (limitation before 1997 = 1900)	OECD iLibrary	18.03.2012	0	0	0
Boolean/Phrase: TI /AB 'internationalisation` AND TI/AB 'german' AND TI /AB 'small business' Restricted to Language(s) English , Including Multilingual Summaries Restricted to Theme Industry and Services Published Between 1900 and 2012 (limitation before 1997 = 1900)	OECD iLibrary	18.03.2012	0	0	0
Boolean/Phrase: AB ('international* AND packaging*') AND AB ('german*') AND (Content Type contains 'Books or Journals or Working Papers') • Published between: 1980-2012	World Bank eLibrary	19.03.2012	0	0	0

Table 2.3 Review protocol (continued)

<i>Search Terms/Options and Limiters</i>	Database	Date of Search	Results	Relev. Abstracts/Articles	Downloads
Boolean/Phrase: AB ('internationali* AND packaging*') AND (Content Type contains 'Books or Journals or Working Papers') • Published between: 1980-2012	World Bank eLibrary	19.03.2012	0	0	0
Boolean/Phrase: AB ('internationali*') OR AB ('globali*') OR AB ('fdi*') AND AB ('german*') AND (Content Type contains 'Books or Journals or Working Papers') • Published between: 1980-2012	World Bank eLibrary	19.03.2012	1	0	0

Appendix 3

Table 2.4 Inclusion criteria compared with the literature

Literature (in chronological order according to the review protocol)	Inclusion Criteria							
	meet criterion not meet criterion							
Author(s), Year, Title, Article/Abstract	Intern./ Globaliz.	SME	FDI (outw.)	German firms	Lit. since 1980	Packaging industry	Research report	Published peer-reviewed
Ruzzier, M., Hisrich, R. D., Konecnik, M. (2007). Human Capital and SME Internationalization: A Structural Equation Modeling Study, AR								
Ruzzier, M., Hisrich, R. D., Antoncic, B. (2006). SME internationalization research: past, present and future, AR								
Basly, S. (2007). The internationalization of family SME: An organizational learning and knowledge development perspective, AR								n.i. (not identif.)
Wattanaputtipaisan, T. (2005). SME Development and Internationalization in the Knowledge-Based Innovation-Driven Global Economy: Mapping the Agenda Ahead, AR								
Smolarski, J., Kut, C. (2009). The impact of venture capital financing method on SME performance and internationalization, AR								
Chelliah, S., Pandian, S., Sulaiman, M., Munusamy, J. (2010). The moderation effect of firm size: Internationalization of small and medium enterprises (SMEs) in the manufacturing sector, AR								n.i.
Pichler, J. H. (2008). SME-Specific, 'Profiles', Strategic Potentials and Attitudes Toward Internationalization in the Enlarged EU, AR								n.i.
Lu, J. W., Beamish, P. W., (2006). SME internationalization and performance: growth vs. profitability, AB								
Prashantham, S. (2005). Ties with Multinational Subsidiaries and SME Internationalization: The Role of Facilitative Intervention, AR								
Vitols, S. (2005). Globalization and the Transformation of the German Model, AR								
Amann, W. (2003). The Impact of internationalization on organizational culture a comparative study of international US and German companies, AR								
Kinkel, S., Lay, G., Maloca, S. (2008). Patterns of internationalization of German SMEs: surveying manufacturing offshoring, AB								
Carr, C. (2005). Are German, Japanese and Anglo-Saxon Strategic Decision Styles Still Divergent in the Context of Globalization?, AB		n.i.						
De Clerq, D., Sapienza, H. J., Crijns, H. (2005). The Internationalization of Small and Medium-Sized Firms, AR								
Moen, O. (2000). SMEs and International Marketing: Investigating the Differences in Export Strategy Between Firms of Different Size, AR								
Kontinen, T., Ojala, A. (2011). International Opportunity Recognition among Small and Medium-Sized Family Firms, AR						1 of 8 firms		
Buch, C. M., Lipponer, A. (2005). Business Cycles and FDI: Evidence from German Sectoral Data, AR								
Behnam, M., Gilber, D. U. (2001). Internationalization Strategies of Medium-Sized German Companies: An Empirical Survey, AB								
Arnold, J.M., Hussinger, K. (2010). Exports versus FDI in German Manufacturing: Firm Performance and Participation in International Markets, AR								
Hederer, G., Hoffmann, C. D., Kumar, B. (1972). The Internationalization of German Business, AR								n.i.
Knight, G. A., Kim, D. (2009). International business competence and the contemporary firm, AR								
Frame, W., Cohn, M. (2008). Time is right for globalization, AR								
Strzelecki, M. (2008). Globalization and the pursuit of business, AR								
Fryges, H. (2008). Internationalisation of technology-oriented firms in Germany and the UK, AR								

Appendix 4

Table 3.2 Research framework – IQs, DRQs, model components

RQ #	Research question (RQ)	Research objective (RO)	Detailed RQ (DRQ)	Components of the initial model	Interview question (IQ)	IQ Schedule #
1	RQ 1 What are the reasons for the low levels of internationalization within the GPI, which consists mainly of SMEs?	ROr1 To identify reasons for the low levels of internationalization within the GPIe	DRQ 1.1 What are the key obstacles to expanding into foreign markets?	IDIr2 Financial & Personnel Resources IDE 2 Policy Measures	IQ 1.5 (DRQ 1.1, 1.2)) What are the barriers to start or expand your business abroad? IQ 4.3 What is the situation about your personnel and financial resources to internationalize? IQ 4.4 Did you exclude certain entry modes due to resource constraints and which ones?	5 16 17
			DRQ1.2 Do managerial internationalization competencies exist?	IDIr1 Management Experience & Qualification IDIr4 Networks	IQ 1.4 (DRQ 1.2) Would you please describe the owner structure of your company and what is the professional & cultural background of your top management? IQ 1.5 (DRQ 1.1, 1.2) What are the barriers to start or expand your business abroad?	4 5
			DRQ1.3 What policy measures would support GPI's internationalization process?	IDE 2 Policy Measures	IQ 4.2 (DRQ 1.3) What policy measures would support your internationalization process?	15
			DRQ 2.1 What are the proactive and reactive internationalization motives of GPI SMEs?	IDIr3 Business Model IDE 1 Industry Factors IDE 2 Policy Measures	IQ 2.1 (DRQ@.1) What was the reason to internationalize your business? IQ 1.6 To what extent is internationalization a success factor for your company or is there a need at all to sell abroad?	7 6
			DRQ 2.2 How does the sustainability movement affect the GPI@	IDIr3 Business Model IDE 1.1 Industry Factors - Research Intensity IDE 2 Policy Measures	IQ 2.2 (DRQ@.2) How does the sustainability movement effect your business?	18
			DRQ 2.3 How do industry factors influence GPI's internationalization activities?	IDE 1 Industry Factors (1.1) Research Intensity (1.2) Tangibility of Product (1.3) Existence of Clusters IDIr3 Business Model	IQ 4.1 (DRQ@.3) How do industry factors influence your internationalization activities?	14
2	RQ 2 What are the internationalization motives of GPI SMEs?	ROr2 To identify motives for internationalization within the GPIe				

Appendix 4

Table 3.2 Research framework – IQs, DRQs, model components (continued)

RQ #	Research question (RQ)	Research objective (RO)	Detailed RQ (DRQ)	Components of the initial model	Interview question (IQ)	IQ Schedule #
3	RQ 3 Which internationalization strategies are applied by the GPI?	RO 3 To identify general and industry-specific internationalization strategies in the GPI.	DRQ 3.1 Which pattern of market selection is adopted by the GPI?	IS 1 Market Selection	IQ 3.1 (DRQ 3.1) In which country markets are you active?	8
			DRQ 3.2 (IQ 3.5) What entry modes are applied by the GPI?	IS 2 Entry Mode	IQ 3.2 (DRQ 3.1) Why did you choose this specific foreign market/markets?	9
					IQ 3.5 (DRQ 3.2) Which entry modes do you apply for your business abroad?	12
			DRQ 3.3 Which products are chosen for marketing abroad?	IS 3 Product	IQ 4.4 Did you exclude certain entry modes due to resource constraints and which ones?	17
			DRQ 3.4 How long does the GPI take to expand abroad since inception/ strategic realignment?	IS 4 Pace & Time	IQ 3.6 (DRQ 3.3) What products are sold in foreign markets and what are the product's USPs?	13
4	RQ 4 What modifications, if any, have to be made with respect to the identified internationalization strategies to adapt to industry-specific requirements?	RO 4 To develop a model (adapted if needed to industry-specific requirements) of the internationalization of the GPI.	n.a.	(result of the validation stage in section 5)	IQ 3.3 (DRQ 3.4) Since when are you active abroad from inception/strategic realignments?	10
					IQ 3.4 (DRQ 3.4) How long did you take to enter the second foreign market?	11
					n.a.	n.a.
					n.a.	n.a.
					n.a.	n.a.
					IQ 4.1 Does your company qualify as SME?	1
					IQ 1.2 Have you got business in foreign markets?	2
					IQ 4.3 What is the ratio of your foreign sales to total sales?	3

Interview guide

[RQ 1: What are the reasons for the low levels of internationalization within the GPI, which consists mainly of SMEs?]

1) Does your company qualify as SME - is your staff headcount fewer than 250 and annual turnover not exceeding 50 million euro or annual balance sheet total is not exceeding 43 million euro? (IQ 1.1)

2) Have you got business in foreign markets? (IQ 1.2) >Internationalized?<

3) What is the ratio of your foreign sales to total sales? (IQ 1.3) >Ø internationalization ration GPI at 30% >to see if there is a low level of internationalization in this specific company<

4) Would you please describe the owner structure of your company and what is the professional & cultural background of your top management? (IQ 1.4) >family-managers/non-family managers; with previous international experience, networks, entrepreneurial traits, cultural background, organisational culture/global mindset, individual global mindset, formal education<

5) What are the barriers to start or expand your business abroad? (IQ 1.5) >Missing - or inaccessible - risk capital, uncertainties in the market assessment, overloading of management staff, personnel bottlenecks at the operational level, lack of experience with international project management, language skills, transport costs (export), insufficient support from German foreign trade promotion/ incentive policy<

6) To what extent is internationalization a success factor for your company or is there a need at all to sell abroad? (IQ 1.6) >niche products, small domestic market, foreign markets maybe more attractive vs. Germany is globally fourth-largest packaging market, maybe no need to internationalize<

[RQ 2: What are the internationalization motives of GPI SMEs?]

7) What was the reason to internationalize your business? (IQ 2.1) >Competitive pressure, customer requirements, market expansion, cost structure<

Interview guide (continued)

[RQ 3: Which internationalization strategies are applied by the GPI?]

8) In which foreign country markets are you active? (IQ 3.1) >DRQ 3.2 Foreign market selection<

9) Why did you choose this specific foreign market(s)? (IQ 3.2) >gradual process? Expand toward neighbouring countries, low psychic distance and hence, low market uncertainty?; niche product and hence small domestic market, advantage market situation abroad<

10) Since when are you active abroad from inception/strategic realignments? (IQ 3.3) >DRQ 3.4 time/pace<

11) How long did you take to enter the second foreign market? (IQ 3.4) >DRQ 3.4 Pace<

12) Which entry modes do you apply for your business abroad? (IQ 3.5) >DRQ 3.1 Entry mode: export, cooperation, FDI etc.<

13) What products are sold in foreign markets and what are the product's USPs? (IQ 3.6) >DRQ 3.3 Products<; niche product, innovation, price leader, scalable or has to be adapted to specific markets?

[RQ 4: What modifications, if any, have to be made with respect to the identified internationalization strategies to adapt to industry-specific requirements?]

[RO 4: To develop a model (adapted, if needed, to industry-specific requirements) of the internationalization of the GPI.]

14) How do industry factors influence your internationalization activities? (IQ 4.1) >Competitive pressure on GPI firms within the home market forces to conquer; high cluster formation (suppliers, machine manufacturers, intern. competitors in domestic market) result in innovative products with a "lead" over other countries; scalability of the products - can be offered 1: 1 in foreign markets - without adjustment; Industry factors: Industry concentration, research intensity, physical product vs. service, industry clusters<

15) What policy measures would support your internationalization process? (IQ 4.2) >Policy Measures: development of competences, qualification and networking capabilities; hands-on service, individual consulting; preparation to enter foreign markets, engaging with foreign partners<

Interview guide (continued)

16) What is the situation about your personnel and financial resources to internationalize?

(IQ 4.3) >Financial & Personnel Resources<

17) Did you exclude certain entry modes due to resource constraints and which ones? (IQ

4.4) >Financial & Personnel Resources<

18) How does the sustainability movement effect your business?

>Product portfolio, shorter product life cycle, R&D efforts, market size, commodity vs. differentiated products etc.<

Appendix 6

Interview transcription of RE-09 anonymised – expcerpt (2 of 16 pages)

Name of the audio file: DS260036_RE_9

Date of the recording: 29 May 2020

Recording duration: 00:50:55

Date of transcription: 09 July 2020

Transcription rules: Dresing and Pehl (2018)

I: So okay recording is in progress. And now again briefly, yes, that I have your consent, Mr. „X“, that I may only record the conversation to write it down for the purpose of, yes, transcription. And as I said, I will of course also cancel / uh cancel. (laughs) Delete again. Immediately after the transcript and the point is still / so of course we also have ethical guidelines at the university, which we also have to comply with. The important thing is that you can of course stop the interview completely at any time, you can say at any time, please, I do not want you to use what I have said here in any way. And yes. Of course, not answering a question at any time. This is self-evident. #00:00:40-3#

B: No problem. #00:00:43-1#

I: Great. Yes, Mr. „X“, do we want to start with a few questions about your company? #00:00:48-3#

B: Yes. #00:00:49-7#

I: Great. For the sake of order, I am assuming that you are a medium-sized company by definition and that this would be employees less than 250 and sales less than fifty million? #00:01:04-1#

B: That's true. #00:01:04-2#

I: That's right, great. Then the next question would be two, are you active in foreign markets? I include export. #00:01:11-6#

B: Yes. #00:01:13-3#

I: but also cooperation and foreign direct investment. #00:01:16-0#

B: Export. #00:01:18-8#

I: Export. Then three, that's the only relation number I ask, what is your export ratio? Relationship between foreign sales, total sales? #00:01:29-1#

B: Two-thirds. #00:01:32-5#

I: Two thirds, great. Then I already have the fourth question. Please describe the ownership structure of your company as well as the history of your top managers? If

Interview transcription of RE-09 anonymised – excerpt (continued)

you want a background for this, it only aims here, is it a family-run company, a family business or with an external manager. That is the background. And how, yes, is the managing director in a past life, let me say, internationally influenced. That is the background. #00:02:04-8#

B: So we are a family business. And I'm a managing partner. #00:02:10-2#

I: Hmm okay. And foundation since when Mr. „X“? #00:02:16-1#

B: Oh, our company is already „YY“ years old. But has been around for almost forty years, the current structure is more or less there. So now the ownership structure for example, yes. #00:02:37-6#

I: OK. May I ask that / I don't know enough about that. So maybe a bit of a strange question for you. You are the managing partner and you and your family have been working in the company for decades, or you personally for several years? #00:02:56-7#

B: No, I've personally been working here for decades. #00:02:58-0#

I: And how long have you been a co-owner or owner? #00:03:03-9#

B: Hmm, no, no, I'm a co-owner, I'm also a minority shareholder. So I only own 10 percent and my non-operational (laughing) associate colleagues / no, but they unfortunately own 90 percent. For twenty / yes, 15 years. #00:03:27-0#

I: Okay, great. And just one more question. You came / so you are external / have you been given a job in the company and then saw the opportunity to participate? #00:03:36-4#

B: Right. #00:03:38-2#

I: Great. OK. No, that's enough for me. And if I may ask, you are the sole managing director? #00:03:46-5#

B: Yes. #00:03:45-5#

I: Yes. And were you also active in the industry or internationally before the time with „Z“ or / can you perhaps say a little more about that or a sentence or two about your background? #00:04:00-0#

B: No, I actually come from the industry. But I did that by further education. That means, my career is / I have / I am a trained packaging mechanic and then gained the qualification through further training and before I / so between my technician and the start at „Z“ I had a year abroad. #00:04:30-4#

Figure 3.3 Coding with CAQDAS package NVivo 12

Knoten Search Project

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Components Initial Model	0	0
DRQ 1.1 Key Obstacles	12	40
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I Unclear Data	3	6
I Unique	11	32
Q 1.1 SME Criteria	9	9
Q 1.2 Business abroad	8	8
Q 1.3 Intern. Ratio	9	10

DRQ 3.2 Entry Mode applied

#00:46:09-1#

<Dateien\Zeta_DS260038_Transcript-RE10> - 3 references coded [6,75% Coverage]

Reference 1 - 2,03% Coverage

I: Okay. Dann habe ich/ und dann noch der Punkt mit, ja, **wieso wählen Sie gerade diese Länder aus?** Das heißt, ich sage jetzt einfach mal **USA** zum Beispiel, da sagen Sie, da habe ich fünf top Potenziale, die probieren wir auch **aus Deutschland aus anzugreifen. Fliegt da jemand hin oder wie kann ich mir das vorstellen?** #00:14:18-5#

B: Naja, gut, diese **weiten Distanzen**, das geht **meistens über Händler**, die wir (fortsetzen?). Und dann haben wir eben Kontakt zu diesen Händlern und bieten auch für **USA** Geschäft an. Alles, was hier **innerhalb Europa** ist, das machen wir sehr, sehr viel mit der **eigenen Vertriebsmannschaft.** #00:14:33-9#

Reference 2 - 0,90% Coverage

IQ 3.5 – 12

I: Okay. Dann hätte ich die zwölfte Frage. **Welche Form des Markteintritts wählen Sie für Ihre Auslandsaktivitäten (Export, Agents, Joint-Venture Südafrika 2005, FDI Vertriebsniederlassung Slovakei 2006)** haben wir eigentlich schon behandelt. Jetzt durch Nebensätze.

Reference 3 - 3,82% Coverage

IQ 4.4 – 17

I: Das andere wäre noch, **haben Sie gewisse Markteintrittsformen aufgrund von diesen Ressourcenrestriktionen ausgeschlossen? Und falls ja, welche?** Also sagen wir, der klassische Export wird wahrscheinlich eine der günstigeren Markteintrittsformen sein. Das andere ist dann **Joint Venture bis hin zur Direktinvestition**, die Sierja auch getätigt haben in Europa, ja. Aber haben Sie da andere Formen, ja, aufgrund Ressourcenrestriktionen schon von vornerein ausgeschlossen? #00:24:57-2#

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