The internationalisation of owner-managed firms:

An exploration of owner-managers` experiences, leadership roles and preferred strategies in the German Mittelstand

by

Andreas Fabian Schoenbauer

A thesis submitted to

The University of Gloucestershire

in accordance with the requirements of the degree of

Doctor of Business Administration

in the University of Gloucestershire Business School

16th of November 2023

Abstract

The research presented in this thesis explores the experiences, leadership roles and perceived critical success factors of a sample of owner-managers of the German Mittelstand regarding internationalisation. The broad aim of the research was to gain a richer understanding of those drivers, specifically the behavioural characteristics and appropriate strategies of owner-managers.

In line with the research aim of understanding subjective experiences, attitudes and other subjective phenomena in depth, a relativist ontological stance and an interpretivist epistemological position were adopted, requiring a qualitative mode of inquiry.

Informing the research design, an intensive literature review was carried out. Special focus was given to topics such as internationalisation within the German Mittelstand, drivers and patterns of internationalisation, the roles and influence of owner-managers, and country of origin effects. The review confirmed that there have been few in-depth, interview-based studies of German Mittelstand internationalisation, particularly regarding the role and influence of owner-managers, and that ´Made in Germany` was a neglected topic. In general, knowledge in this field is limited by a lack of empirical research at a qualitative level.

Following exploratory research, the main fieldwork consisted of 17 semi-structured in-depth interviews with owner-managers of successfully internationalised firms from diverse German Mittelstand industries, and a very wide range of business ages, sizes and turnover. The interviews focused on the history of each firm's internationalisation and the personal experiences and beliefs of each owner-manager regarding critical success factors in internationalisation.

This research generated numerous interesting findings and made contributions to existing knowledge in respect of theoretical aspects of internationalisation, specifically adding richness to understanding of the role of the owner-manager in internationalisation. The research will also contribute to a richer understanding of the striking internationalisation success of German Mittelstand businesses, and the insights gained may also be of considerable practical value, not only for German Mittelstand firms but also for UK-based firms in the post-Brexit world.

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 researcher and in no way represent those of the University.

Signed [redacted] *Date: 16th of November 2023*

DOI: 10.46289/9ZB4PP66

Acknowledgements

Non scholae, sed vitae discimus!

Table of contents

Abstract ii

Declaration iii

Acknowledgements iv

Table of contents v

List of Abbreviations xiv

List of Tables xvi

List of Figures xvii

Chapter 1: Introduction 18

1.1 Introduction 18

1.1.1 The historical background 18

1.1.2 The research topic 19

1.2 Evolution of the Research Topic 20

1.3 A brief overview of the most relevant literature and its limitations 21

1.3.1 Internationalisation 21

1.3.2 The German Mittelstand and internationalisation 22

1.3.3 The owner-managers 22

1.3.4 The limitations of existing literature 24

1.4 Research purpose 24

1.4.1 Research aim 24

1.4.2 Research questions 24

1.4.3 Research objectives 26

1.5 The structure of this thesis 26

Chapter 2: Literature Review 29

2.1 Introduction 29

2.2 Internationalisation as a concept 29

2.2.1 A brief history of internationalisation as a research topic 29

2.3 Reasons for internationalisation 30

2.4 Internationalisation decisions 31

2.5 Patterns of internationalisation 34

2.5.1 Stage theories of internationalisation 35

2.5.2 The `Uppsala Model´ of incremental internationalisation 35

2.5.3 The 'born global' firm 37

2.6 Business size and internationalisation 44

2.7 The German Mittelstand 45

2.7.1 Introduction – what is the Mittelstand? 45

2.7.2 Qualitative characteristics of Mittelstand firms 48

2.7.3 Mittelstand ´strategic style` and the concept of strategic discipline 49

2.7.4 The ´Hidden Champions` 53

2.8 The Internationalisation of Mittelstand firms 56

2.8.1 Introduction 56

2.8.2 Idiosyncratic leadership and possible limitations 57

2.8.3 The German Mittelstand and internationalisation – a conclusion 58

2.9 Country of origin effects and the ´Made in Germany` label 60

2.10 Conclusion to the literature review 63

2.10.1 Introduction 63

2.10.2 Limitations of existing knowledge 64

2.10.3 Concepts and frameworks that have informed the research 67

Chapter 3: Methodology 69

3.1 Introduction 69

3.2 Philosophical issues that underpin the research 69

3.2.1 The phenomena under study 70

3.2.2 Ontological issues 71

3.2.3 Epistemological issues 73

3.2.4 Journey 74

3.3 Research strategy and design 76

3.4 Developing the research instrument (the interview guide) 83

3.4.1 Exploratory interview 83

3.4.2 Pilot interviews 84

3.4.3 Developing the interview guide 85

3.5 Sampling Strategy 85

3.5.1 Sample population 85

3.5.2 Screening criteria (general) 86

3.5.3 Purposive criteria (diversity) 86

3.5.4 Sample size 87

3.5.5 Interviewee recruitment 87

3.6 Data Quality 89

3.6.1 Interviewee`s distraction 89

3.6.2 Researcher`s distraction 90

3.6.3 Participant bias 90

3.6.4 Researcher bias 90

3.7 Data Collection (main sample) 91
3.7.1 Venue 91
3.7.2 Time frame 92
3.7.3 Interview process 92
3.8 Data Analysis 93
3.8.1 Transcription and summarising of interviews 93
3.8.2 Translation of interview transcripts 93
3.8.3 Writing interview summaries 95
3.8.4 Collating and analysing descriptive data regarding the sample firms 95
3.8.5 Choice of a data analysis package 96
3.8.6 Preparation for coding 97
3.8.7 Using MAXQDA: determining the headcodes and subcodes 97
3.8.8 Using MAXQDA: the evolved coding structure 98
3.8.9 Using MAXQDA: measuring and analysing the frequency of occurrence of codes 100
3.8.10 The inductive phase of interpretation and analysis 101
3.9 Ethical considerations 103
3.9.1 Introduction 103
3.9.2 Transparency 103
3.9.3 Conflicts of interest 103
3.9.4 Confidentiality 104
3.9.5 Recording of interviews 104
3.9.6 Conduct of interviews 104
3.9.7 Data security 104

3.10 Writing the thesis 104
3.10.1 Voice: First or third person? 104
3.10.2 Structure 105
Chapter 4: Initial Findings 107
4.1 Introduction 107
4.2 Overview of the characteristics of the main sample 107
4.3 Some key characteristics of the sample businesses 109
4.4 Brief portraits of the sample firms 110
4.4.1 Firm 1, owner-manager HH (B2B2C) 110
4.4.2 Firm 2, owner-manager CR (B2B) 111
4.4.3 Firm 3, owner-manager RS (B2B) 111
4.4.4 Firm 4, owner-manager JE (B2B) 111
4.4.5 Firm 5, owner-manager AW (B2B) 112
4.4.6 Firm 6, owner-manager JS (B2B) 112
4.4.7 Firm 7, owner-manager FH (B2B) 112
4.4.8 Firm 8, owner-manager NV (B2B2C) 113
4.4.9 Firm 9, owner-manager US (B2B) 113
4.4.10 Firm 10, owner-manager JS (B2B2C) 113
4.4.11 Firm 11, owner-manager MW (B2B) 114
4.4.12 Firm 12, owner-manager JB (B2B & B2B2C) 114
4.4.13 Firm 13, owner-manager KP (B2B2C) 115
4.4.14 Firm 14, owner-manager SM (B2B) 115
4.4.15 Firm 15, owner-manager PL (B2B & B2B2C) 116
4.4.16 Firm 16, owner-manager WS (B2B) 116

4.4.17 Firm 17, owner-manager SS (B2B) 117
4.5 Thematic MAXQDA analysis and outputs 117
4.5.1 Introduction 117
4.5.2 The coding structure and aggregate match frequencies of each code. 118
4.5.3 Salient experiences with respect to the internationalisation process.. 122
4.5.4 Appropriate strategies for the leadership and management 123
4.5.5 Critical success factors for the internationalisation process 125
Chapter 5: Key Findings 127
5.1 Introduction 127
5.2 Diversity of internationalisation strategies and processes 127
5.2.1 Starting with the DACH market 127
5.2.2 Expansion into Western Europe 128
5.2.3 Internationalisation driven by personal preferences 128
5.2.4 The importance of key channel members 131
5.3 Internationalisation was generally proactive ('push' rather than 'pull').. 131
5.4 Internationalisation is perceived as strategically important in its own right 132
5.5 Personal beliefs and preferences of owner-managers 134
5.5.1 A systematic approach is important 135
5.5.2 Staying ahead in your own specific niche 136
5.5.3 Future direction: the search for market potential 136
5.5.4 The importance of personal presence, respect and trust 138
5.6 Internationalisation is perceived as complex, with multiple challenges.. 139
5.6.1 The need for focus 139

5.6.2 What is the purpose of being internationally active? 140
5.6.3 Understanding and responding to country-specific challenges 141
5.6.4 There is constant change 143
5.6.5 The importance of learning 144
5.7 A long-term approach and patience are important 146
5.8 Important to respect and understand the local market environment 150
5.8.1 The importance of respect and acceptance of difference 150
5.8.2 The criticality of personal presence 153
5.8.3 The importance of local employees 154
5.8.4 The importance of trust 156
5.9 'Made in Germany' is perceived as an important critical success factor . 159
5.9.1 'Made in Germany' as an element of competitive advantage 160
5.9.2 'Made in Germany' as a set of intangible assets 161
5.9.3 The need to live up to 'Made in Germany' 162
Chapter 6: Discussion and contextualisation of key findings 165
6.1 Introduction 165
6.2 Patterns of Internationalisation: incrementalism, born global or personal? 165
6.3 Internationalisation perceived as strategically important in its own right 169
6.4 Internationalisation was essentially proactive (‘push’) rather than reactive (‘pull’) 171
6.5 Personal beliefs, preferences and actions of owner-managers 171
6.6 Internationalisation is perceived as complex, with multiple challenges .. 173

6.7 A long-term approach and patience are important 174

6.8 It is important to respect and understand the local environment 177

6.9 ´Made in Germany` is widely held to be an important critical success factor 181

6.10 The concept of strategic discipline 183

Chapter 7: Conclusion 185

7.1 Introduction 185

7.2 Answers to the research questions 185

7.2.1 What are the salient experiences of owner-managers? 185

7.2.2 What do owner-managers say in respect to appropriate strategies? .. 190

7.2.3 What are the critical success factors for internationalisation? 196

7.3 Contributions to knowledge 202

7.3.1 Introduction 202

7.3.2 Beliefs, preferences, decisions and behaviours of owner-managers ... 202

7.3.3 The perceived importance of focus 203

7.3.4 Commitment to place as a foundation of international success 204

7.3.5 Made in Germany was widely considered to be important to success 206

7.3.6 Application and broadening of the concept of strategic discipline 206

7.4 Limitations of this research 208

7.4.1 Limitations of the sample 208

7.4.2 Limitations of confidentiality and focus of owner-managers 209

7.5 Implications for future research 210

7.5.1 Alternative sample compositions 210

7.5.2 Intrinsic motivation: perceived importance of having an impact 211

7.5.3 ´Made in Germany` needs more research focus 212

7.6 Implications for practice 213

7.6.1 Salient experiences as the base for practical reflection 213

7.6.2 Are your firm´s specific international strategies appropriate? 213

7.6.3 Practical implications of a storyboard results in a mastermind 214

7.6.4 Make more out of that value ´Made in Germany` 215

7.6.5 Owner-managers contribute to success.
How do you see your approach? 215

7.7 Reflection 216

References 219

Appendix 1: Final version of the interview guide 228

Appendix 2: Example of a translated interview transcript 230

Appendix 3: Examples of 2 interview summaries 247

List of Abbreviations

APA	American Psychological Association
B2B	Business-to-Business
B2B2C	Business-to-Business-to-Consumer
CAQDAS	Computer-assisted qualitative data analysis software
CEO	Chief Executive Officer
COO	Country of Origin
CI	Corporate Identity
DBA	Doctor of business administration
DSGVO	Datenschutz-Grundverordnung (English: GDPR)
EBIT	Earnings before interest and taxes
E.G.	Exempli gratia (For example)
ET AL.	Et alii – And others
ETC.	Etcetera – And so forth
EU	European Union
FBN	Family Business Network
FDI	Foreign direct investment
HR	Human Resources Management (HRM, or simply HR)
IfM	Institut für Mittelstandsforschung (English: Institute for SME Research)
IT	Information Technology
KPI	Key Performance Indicator
MAXQDA	A computer software package for qualitative data analysis
MD	Managing director

MNE	Multinational enterprise
NDA	Non-disclosure agreement
NVIVO	A qualitative data analysis (QDA) computer software package
OMs	Owner-managers
P.	Page
PP	Pages
R&D	Research and development
ROI	Return on investment
SMEs	Small and medium-sized enterprises
US	Short form of USA = United States of America
VAT	Value Added Tax
VS.	versus

List of Tables

Table 1. Classification of motives for firms going into foreign markets.....31

Table 2. Number of firms in Germany, size versus legal forms for 2019.....45

Table 3. Reality: Ontological views of realism vs. relativism.....72

Table 4. Sample Profile in chronological order of interviews 108

Table 5. List of headcodes and subcodes with frequencies.....119

Table 6. Coded segments (in all documents) 121

Table 7. Salient experiences of owner-managers 187

Table 8. Appropriate strategies of owner-managers 192

Table 9. Critical success factors of owner-managers 197

List of Figures

Figure 1. Reference framework for selection of a form of market entry.....33

Figure 2. Regional decentralisation of German Mittelstand firms.....54

Figure 3. The `Research Onion´.....76

Figure 4. MAXQDA main overview.....97

Figure 5. Salient experiences of the internationalisation process.....122

Figure 6. Strategies for the leadership and management of internationalisation 124

Figure 7. Critical success factors for the internationalisation process.....125

Chapter 1: Introduction

1.1 Introduction

1.1.1 The historical background

The thesis begins with an interesting and still relevant citation of an insightful comment made in 1906 by David Lloyd George, then President of the Board of Trade and later Prime Minister of The United Kingdom (Grigg, 1978, p.109):

> *`Go anywhere and the first man you meet is a German commercial traveller. That is one reason our trade is going. They take the trouble to learn the language of the people with whom they are dealing… Go to any part of the world and the Englishman pushes his goods in Scotch´.*

(Note: the expression `commercial traveller´ is a historical term for a sales representative. The expression `pushes his goods in Scotch´ refers to the English representative relying on doing a deal over glasses of whisky, rather than bothering to learn the language).

During the process of the thesis the researcher might come to this citation taking into consideration that some of his interviewed owner-managers and the respective firms do have proofs of existence.

From a British-German perspective, it is very interesting that David Lloyd George (then being in charge of trade and later Prime Minister during the First World War) was thinking about this unflattering comparison all those years ago. He made that speech at a time when the King and the government were obsessed with Germany's success as an industrial competitor and particularly as a naval power, so they felt they were in a race with Germany to build as many modern battleships as possible. David Lloyd George was Welsh, so very conscious of the importance of languages, very distrustful of what he saw as the English `ruling class and opposed to British imperialism (Grigg, 1978).

One reason why this quotation has been chosen to open the thesis is that highlights the export success of German businesses, which was as apparent in the nineteenth and early twentieth centuries as it is now. The main reason, however, is that it also suggests a reason for this success in a distinctive approach to doing business internationally, which Lloyd George typified as learning the

languages spoken in target markets. More than 100 years later, this mirrors very closely one of the key findings of the research presented here, namely that every one of the 17 owner-managers of the successfully internationalised German businesses that were interviewed emphasised that understanding and respecting the laws, customs and languages of target markets is a priority when building a sustainable presence in international markets.

Audretsch et al. (2018) suggest that systematic measurement and reporting of German export and international performance started in the late 1950s. That was at a time when the so-called 'Economic Miracle' (Das Wirtschaftswunder in German) that followed the 2nd World War began to have a major impact. Within a broader historical context, the basis of the German Mittelstand can be seen to have formed ´in the second half of the nineteenth century`, during which industrialisation and economic development proceeded very rapidly (Audretsch, Lehmann, & Schenkenhofer, 2018). This period is also known as the 'Gründerzeit' (the time of the founders or the entrepreneurs), during which the rate of business formation also grew rapidly. Many firms formed during this period continue to exist today, including several that featured in the main data collection sample of this study.

1.1.2 The research topic

In the twenty-first century, Germany is still well known for its export success. More specifically, the drivers of this success are known as the 'German Mittelstand': the large numbers of medium-sized businesses that contribute to this success in international markets, many of which have become market leaders or technology leaders in their sectors and were memorably named the 'hidden champions' by Hermann Simon (Simon, 1996).

The firms that constitute the Mittelstand are not strictly defined by employment size, turnover or profit levels, or other quantitative measures. Instead, they are best defined in qualitative terms, such as those below:

- A large majority of them are family-owned and managed.
- Many of these firms are multi-generational, often with multiple owner-manager successions.

- Many firms are based in rural locations, most typically in the same community in which they were founded and tend to be deeply embedded within the community.
- Many have developed expertise in a product sector over many years and serve a niche market.
- Many of them have developed very strong international reputations in the markets they serve and are global market leaders or technology leaders – often both.
- For well over a century, they have been noted for success in internationalisation.
- They tend to be internally financed, rather than having external investors.
- They generally maintain a long-term view of investment, strategy and other issues.
- Many have well-established apprenticeship schemes and invest in education and training.

All these characteristics of the Mittelstand firms are well-known, having been researched and reported in the academic literature (Fear, 2014; Haunschild & Wolter, 2010; Meffert, Mohr, & Richter, 2020; Schenkenhofer, 2022; Venohr & Meyer, 2007; Welter, Levering, & May-Strobl, 2016).

The internationalisation success of the German Mittelstand firms is of substantial interest to both researchers and business practitioners, especially when discussing the internationalisation routes and practices of such firms. The literature review (chapter 2) will provide more background information on the Mittelstand and discuss the large volume of research that has been dedicated to the Mittelstand and to the study of internalisation processes over many decades (Kogut & Singh, 1988; Shaver, 2013).

1.2 Evolution of the Research Topic

The researcher's academic background is in business administration, with a strong international component. His Diploma studies were in Bremen, Germany and focused on countries in South America and Africa, including one year in Lima (Peru) and half a year in Port Harcourt (Nigeria), culminating in 2004 with the award of a Diplom Kaufmann degree. Because of his deepening interest in internationalisation strategies and different approaches to international markets, he later studied for an Executive MBA, which took place in Berlin (Germany), Milan (Italy) and New York (USA) and which he successfully completed in 2009. Dissertations that he wrote at both these levels dealt with

specific challenges in international markets with modes of entries and potential and efficiency criteria for country selection and targeting.

The researcher started his business career in the year 2004 and has worked throughout those years in owner-managed firms within the German Mittelstand. In his working life he has acted in various international business development and sales functions, gaining experience with all facets of international sales, both indirect and direct, including growing international businesses via agent networks, followed by the foundation of international firms in various countries. Over the last ten years he has worked closely with owner-managers of Mittelstand family businesses and developed a particular interest in the culture and activities of these firms and their success in internationalisation.

Being interested in further research, the researcher began his doctoral journey at the University of Gloucestershire. From the outset, he intended to pursue his interest in internationalisation processes and based on his professional experience, wanted to explore the perspectives and roles of owner-managers regarding these processes. Having found a supervisor wo shared these interests, this outline was gradually shaped into a detailed research proposal.

1.3 A brief overview of the most relevant literature and its limitations

1.3.1 Internationalisation

Shaver (2013) confirms that a substantial literature exists on the internationalisation process of businesses and modes of entry (Shaver, 2013). Buckley et al. inform that most of the literature is economics-based, focusing on resources, institutions and networks (Buckley & Ghauri, 1999; Stonehouse, Campbell, Hamill, & Purdie, 2009). Birkinshaw et al. validate that traditionally, most literature concerning internationalisation has been primarily focused on multinational enterprises (Birkinshaw, Ghoshal, Markides, Stopford, & Yip, 2004; Rugman, 2005).

SMEs, and particularly European SMEs, have been of lower interest to researchers. However, Korosteleva (2009) has tried rectify this imbalance by building a theoretical model based on empirical research in Europe, where three major issues have been identified: the rapid growth of the SME population, the practicalities of internationalisation and the pace of internationalisation

(Korosteleva, 2009). Hisrich (2015) mentions that this newer field in the area of international entrepreneurship is focused on the management of international growth (Hisrich, 2015).

Bennedsen et al. inform that the German Mittelstand includes a large number of SMEs that are privately owned and managed and employ fewer than 250 employees (Bennedsen & Fan, 2014; Welter, Bijedic, Brink, & Kriwoluzky, 2014).

Fernández and Nieto (2005), p. 77 mention that internationalisation is `the most complex strategy´, while there are factors that can be measured (e.g. exports of family SMEs), the personal involvement of owner-managers has a significant influence, but has not been properly analysed and interpreted by researchers (Fernández & Nieto, 2005). Fear et al. acknowledge that most research has been focused on external parameters such as networks, pace of internationalisation, technology or ownership (Fear, 2014).

1.3.2 The German Mittelstand and internationalisation

1.3.3 The owner-managers

Graves and Thomas (2008), p.165 point out that `attitudes of owners´ in a qualitative context are of great interest and should be examined more closely. Fernández and Nieto (2006) accept that this issue has been touched upon by some researchers, although the complexity and importance of owner-manager perceptions, aspirations, beliefs, knowledge and experience has not yet been adequately explored (Fernández & Nieto, 2006; Graves & Thomas, 2008; Morais & Ferreira, 2020). There are those topics like `attitude´ and other parameter of subjective, personal facets of owner-managers which seem to be an elementary reason for the success of major German Mittelstand firms.

It is of substantial value for both the academic and business world to develop a better understanding of the influence and roles of owner-managers during internationalisation processes. This research will contribute to existing knowledge in respect of theoretical aspects of internationalisation, specifically adding richness to understanding of the role of the owner-manager in internationalisation. Johanson and Vahlne (2003) mention that in general, knowledge in this field is limited by a lack of empirical research at a qualitative level. The researcher of this thesis sees that as a significant gap in the literature that is worthy of research (Johanson & Vahlne, 2003). Johanson

and Vahlne (2020) point out to focus more towards the influential parameters and psychological characteristics of managers (in practical terms, owner-managers), who have an enormous influence on internationalisation (Johanson, 2020). Jones & Coviello (2005) and Coviello (2015) stress the need for the understanding of such individuals or the team which strives for a global approach. The knowledge and understanding of entrepreneurs, behaviour and participation in the internationalisation process is of great interest. And this does not just apply for so called born-global firms but as well those SMEs which are in the internationalisation process. Hagen and Zucchella (2014) mention in their research the ´long-term growth of 'born-global' companies`. In particular, they highlight the characteristics of entrepreneurs and their management teams and within that context speak about the 'openness' of the firms' founders. Furthermore they also try to conceptualise the internationalisation processes, arguing that openness can be seen as a kind of diversity in competencies, but as well it has to be differentiated between the different stages of the firm's growth. The researchers acknowledge a learning process in the organisation and argue that speed is important, whereby the entire organisational membership needs to learn from each other, taking market opportunities into consideration and learning from customers. Long-term growth and success are dependent on sources of learning and the organisational situation and as well of innovative projects. Apart from various other important aspects, the contribution of the entrepreneur and the management team for a positive internationalisation is very relevant. Success can be reached if the combination of various drivers is been focused.

Morais and Ferreira (2020) develop a formulation that combines the different perspectives of incremental growth (stage theory) and entrepreneurship. In other words, on the one side they recognise the Uppsala model and on the other side a born-global (new venture) approach. The researchers make suggestions for future research concerning the internationalisation process, specific critical success factors and international approaches aligned with performances. They are asking for more research on the strategic role of owner-managers, their specific relevance and their contribution to internationalisation.

1.3.4 The limitations of existing literature

The literature review revealed a number of limitations in the existing literature:

- Many authors had concluded that there was insufficient recognition and understanding of the influence and actions of owner-managers on the internationalisation of Mittelstand firms.
- A number of these authors criticised the lack of qualitative studies that focused on the business owner-managers.
- More specifically, there is extremely little research evidence concerning the personal experiences, beliefs, values and actions of Mittelstand owner-managers relating to internationalisation processes.

1.4 Research purpose

The primary purpose of the research was to gain a richer understanding of the drivers of internationalisation within Mittelstand firms, and what are considered to be critical success factors, it is necessary to explore those owner-manager attitudes and other subjective phenomena in depth and this requires a qualitative mode of inquiry. By means of its context, the study will also contribute to a richer understanding of the exporting and internationalisation success of German Mittelstand businesses. These insights may also be of considerable practical value, not only for German Mittelstand firms but also for UK-based companies in the post Brexit world.

1.4.1 Research aim

The overarching aim of the research is to explore and analyse owner-managers' salient experiences of internationalisation, their preferred strategies of leadership and management roles with respect to the internationalisation process and their views of the critical success factors relating to German Mittelstand internationalisation.

1.4.2 Research questions

- Which are the salient experiences of German Mittelstand owner-managers with respect to the internationalisation processes of their businesses?
- What do German Mittelstand owner-managers say in respect to appropriate strategies for the leadership and management of internationalisation?

- What are the critical success factors for the internationalisation process of German Mittelstand firms?

As was explained in 1.3.4 above and will be substantiated in Chapter 2, there is a profound lack of empirical evidence concerning the beliefs, perceptions and behaviours of Mittelstand owner-managers concerning internationalisation strategies and processes. This suggests that a qualitative research design that includes interviews with owner-managers would be necessary to answer RQs 1 and 2.

In contrast, RQ3 could in principle be answered through a consultation with the literature, as much has been written concerning the impressive internationalisation performance of Mittelstand businesses. However, as owner-managers' beliefs and behaviours are the focus of this research, and given the scarcity of empirical evidence highlighted above, this RQ will be answered though a discussion with the participating owner-managers. More detail of the data collection and analysis may be found in sections 3.7 and 3.8.

(Note: the researcher acknowledges that the term 'critical success factors' is widely used in the English-speaking business world as well as its acronym 'CSF', being taught in MBA programmes and short courses and in regular usage among practitioners. This situation is closely mirrored in Germany, where many larger firms use English in internal communications, while in smaller firms the German term 'Kritische Erfolgsfaktoren' is in similar widespread use, both by practitioners and in business education. In both languages, the terms are used in a general way to express 'elements of resources, strategies or their implementation that are of significant importance to achieving objectives and contributing to realisation of the organisation's mission (a misplaced quotation mark was removed here) whatever they are considered to be in a specific context'. Although this is an imprecise and context-dependent definition, an aim of the data collection was to elicit the owner-managers' views on CSFs in the implementation of internationalisation that were derived from their personal experiences and those of their predecessors and colleagues.

Because of the centrality of perceived critical success factors in internationalisation processes to the key findings and conclusions drawn from this research, a section of the literature review (Chapter 2) includes a discussion of this topic – see 2.10 below.

1.4.3 Research objectives

- To provide an understanding of salient experiences of German Mittelstand owner-managers with respect to the internationalisation processes of their businesses.
- To explore what German Mittelstand owner-managers say in respect to appropriate strategies for the leadership and management of internationalisation.
- To explore critical success factors for the internationalisation process of German Mittelstand firms.

1.5 The structure of this thesis

In chapter 1 the reader is provided with an introduction to the research topic, the researcher`s background and the reasons for his interest in the topic. The research aim and research questions are introduced and their logic is explained with a brief summary of the limitations of the literature surrounding the topic.

Chapter 2 presents and critically evaluates the bodies of literature surrounding the topic that underpin and inform the research project. Internationalisation is introduced as a concept and a research topic, accompanied by a brief overview of the challenges inherent to internationalisation. This is followed by an in-depth discussion of the literature concerning patterns of internationalisation, where much of the current literature of internationalisation is situated. The protracted development of the literature of stage theory (incremental internationalisation) is contrasted with the relatively new field of the ´born-global` approach to internationalisation.

The issue of business size is addressed and the increasing contribution to internationalisation of small and medium-sized enterprises is assessed. This is followed with an introduction to literature relating to the German Mittelstand, starting with definitional issues, and moving on to consider aspects of Mittelstand firms´ characteristics, strategic style and internationalisation as topics in the literature. The latter topic leads to a discussion of the developing literature of the ´Hidden Champions`: the remarkable number of Mittelstand firms that have achieved dominance in many global market sectors but are relatively unknown outside those sectors and then to a summary of the issues that favour the threaten Mittelstand internationalisation.

The discussion then moves on to the issue of country of origin branding and the Made in Germany label, which at least in the past has favoured Mittelstand internationalisation, particularly in engineering and technology sectors because of Germany's strong reputation in these areas. The literature review concludes with a summarising review of the limitations of the current literature relative to the research questions and a discussion of the concepts and frameworks that have been most useful in informing the research design and the data analysis.

Chapter 3, the Methodology chapter, discusses and justifies the overall research design, informed by the literature of research philosophy and methods. The chapter begins with an exploration of the philosophical issues that underpin the research topic and explains the philosophical positions that have been adopted and how these decisions have influenced the research design. The discussion then considers the overall research strategy and the evolving detailed methodology, including data collection, sampling, the development of the interview guide and issues of data quality and ethics.

Chapter 4 presents and discusses the initial findings. The analysis of the recruited sample of firms and their owner-managers is itself informative, not only introducing the reader to the sample but also a number of the issues that are addressed in the later analyses of the interview data. A qualitative data analysis package (MAXQDA) was used for the initial stage of analysis of the interview data and the coding systems are explained, together with a depiction of the thematic MAXQDA outputs regarding salient experiences, appropriate strategies, and numerous other themes.

Chapter 5 continues the discussion of data analysis but focuses on the inductive stage of interpretation. The reader is introduced to the key findings of the 17 owner-manager interviews, which are then discussed in depth and illustrated by quotations made by the interviewed owner-managers relevant to each thematic finding.

Chapter 6 comprises a contextualisation of each key finding within the literature, in each case followed by a critical discussion of its relationship to current knowledge and its value as a contribution to knowledge.

Chapter 7 presents the conclusion to the research project, beginning with a series of answers that can now be given to the research questions. This is followed by the presentation, discussion, and

discussion of a number of contributions to knowledge that have arisen from the research findings. The limitations of the research project are then discussed, followed by a number of recommendations for future research, some of which are designed to remedy the project's limitations and others that follow up on the many new and interesting issues that have been raised in its course. A number of implications for future internationalisation practice are then discussed and the chapter concludes with a critical reflection by the researcher on his research journey.

The final sections of the thesis are a list of references and three appendices, which include the final version of the interview guide, an interview transcript (after translation into English) and a sample of two interview summaries.

Chapter 2: Literature Review

2.1 Introduction

The aim of the following chapter is to introduce and critically review the academic literature that addresses the research topic, to clarify limitations of the extant literature in answering the research questions and to highlight key concepts and frameworks that will be taken forward to inform the research design and the data analysis process.

2.2 Internationalisation as a concept

2.2.1 A brief history of internationalisation as a research topic

Turnbull (1985) suggests that from the 1960s onwards there was a rapid increase of interest in internationalisation as a topic, with a major focus on multinational enterprises, and the beginning of intensive research in the field. A fundamental question arose as to why firms were taking a step into a new terrain on an international or global level, with some of those firms with no experience in doing so (Turnbull, 1985). In an early study, Starbuck (1965) found out that this was not happening spontaneously and that such activities were the results of decisions. As basic pillars of such decisions there are several causative elements which influence such decisions. Already during that period relevant questions towards key roles and what leads forward momentum were asked (Starbuck, 1965). In the opinion of the researcher there are still questions concerning the WHY but even more of relevance the WHAT, i.e. what are the relevant parameters which differentiate an international firm from a very successful international firm? Further influential parameters and as well as possible forms of market entries are depicted in section 2.3.

Early researchers were discussing patterns of internationalisation and dynamic factors of the process. By the 1970s there was interest in analysing specific steps which contribute to internationalisation, based on longitudinal studies (Turnbull, 1985; Welch & Luostarinen, 1988).

Internationalisation can be conceptualised as an outward movement of a firm when starting operations on an international level (Johanson & Vahlne, 1977; Peng & Meyer, 2019). Amdam (2009) points out in Norway, which was already in the twentieth century an exporting country, the degree of internationalisation developed more quickly from the 1980s. Apart from some

international endeavours in the 19th century until the 1970s, before it was known as a latecomer of internationalisation (Amdam, 2009). Guillén (2011) confirms that a similar late development happened as well in Spain (Guillén, 2011). Cavusgil et al. (2019) depict from an abstract level it cannot just be seen as an outward direction. There is as well an inward direction from other countries and it can be confirmed that there is an interconnection between inward and outward activities (Cavusgil, Knight, & Riesenberger, 2019). The research of Amdam (2009) investigated internationalisation theory and analysed the internationalisation of a sample of Norwegian firms between the period from the end of World War 2 until the 1980s. Johanson and Vahlne (1977) underline that it could be stated that `firms tend to invest and expand into countries where a short psychic distance is existing towards the home country` (Johanson & Vahlne, 1977).

2.3 Reasons for internationalisation

There are often multiple reasons why a firm decides to make the move into international activities. Briscoe, Tarique & Schuler (2012) show that goal-oriented firms allocate their resources and direct them in such a way that short- and long-term economic objectives can be achieved. This allocation of resources plays an important role and is a driving force behind internationalisation. Maier, Wilken, Schneider, & Kelemci Schneider (2012) suggest that certain basic drivers, such as market saturation in the domestic market and the need for economies of scale, push a firm into internationalisation and that a certain rationale and strategic vision are required to position, and maintain, its internationalisation process. The authors raise the question as to whether a firm should go down this route and - if the answer is affirmative - how it should effectively, and efficiently, achieve this, finding the appropriate marketing mix and taking into account country-specific cultural differences.

Albaum, Duerr, & Strandskov (2011) agree that firms often make their first move into international markets when the domestic market is saturated and as a result their strategic objectives cannot be realised in the existing market. The same authors argue that a number of reasons for internationalisation can coexist but it is highly probable that there will be a primary reason why a firm decides to enter foreign markets, and this will be influenced in turn by other secondary reasons, as illustrated in Table 1 below.

	Internal	External
Proactive	Managerial drive Marketing advantages Economies of scale Unique product/technology competence	Foreign market opportunities Change agents
Reactive	Risk diversification Extend sales of a seasonal product Excess capacity of resources	Unsolicited orders Small home market Stagnant or declining home market

Table 1: Classification of motives for firms going into foreign markets; source: adopted from (Albaum, Duerr, & Strandskov, 2011)

McDonald et al. (2003) suggest that German Mittelstand firms approach internationalisation based on their management attitudes, cautious on the one side, proactive on the other side (McDonald, Krause, Schmengler, & Tüselmann, 2003).

Bartlett and Beamish (2014) argue that there is certainly a driving force to increase economies of scale and/or economies of scope. In the area of procurement more sold volume will tentatively provide reduced costs of purchases and a firm going to internationalise wants to gain advantage of the local circumstances (Bartlett & Beamish, 2014).

2.4 Internationalisation decisions

In almost every context, extending a firm's business activities into other country markets brings with it additional challenges and therefore additional risks. Because of this, internationalisation other than simple low-risk exporting requires careful planning and decision-making. It is beyond the scope of this thesis to explore all of these decision areas in detail and the discussion here will be abbreviated and confined to issues that are most relevant to the research aim and questions.

A firm that has made the decision to become internationally active is confronted with the question of what entry options exist in the target international market and which are immediately attractive with regard to efficiency and risk parameters for the firm. Johanson & Vahlne (1977) suggested that

the challenges of how to enter foreign markets had been a consistent topic of discussion for decades and 40 years later, this point is addressed by, among others, Johanson & Wiedersheim-Paul (2017) and Schellenberg, Harker & Jafari (2018).

Firms need to address the reasons for their choice of entry mode. Gälweiler (2005) and Ragland, Widmier, & Brouthers (2015) suggest that three key parameters exist: firstly, the level of investment required; secondly, what market knowledge exists (ex-ante and ex post examination and assessment of the target market) and, thirdly, what management control options exist in the target market (especially in the area of sales and marketing).

It is important that, prior to a classification of market entry strategies, a reference framework is derived. One such framework is based, as illustrated in the Figure 1 below, on the construct of `potential success´. A firm can weigh up the risk-reward ratio of potential opportunities and potential risks associated with a foreign market. Potential solutions are found when the relevant factors of the host country are considered in conjunction with the firm's own factors. All these factors will have an impact on the form of entry; and ultimately this will be reflected in the future success or failure of a firm. Karami, Wooliscroft, & McNeill (2020) suggest that future research should focus more into connection of effectual international approaches and performances of those respected firms.

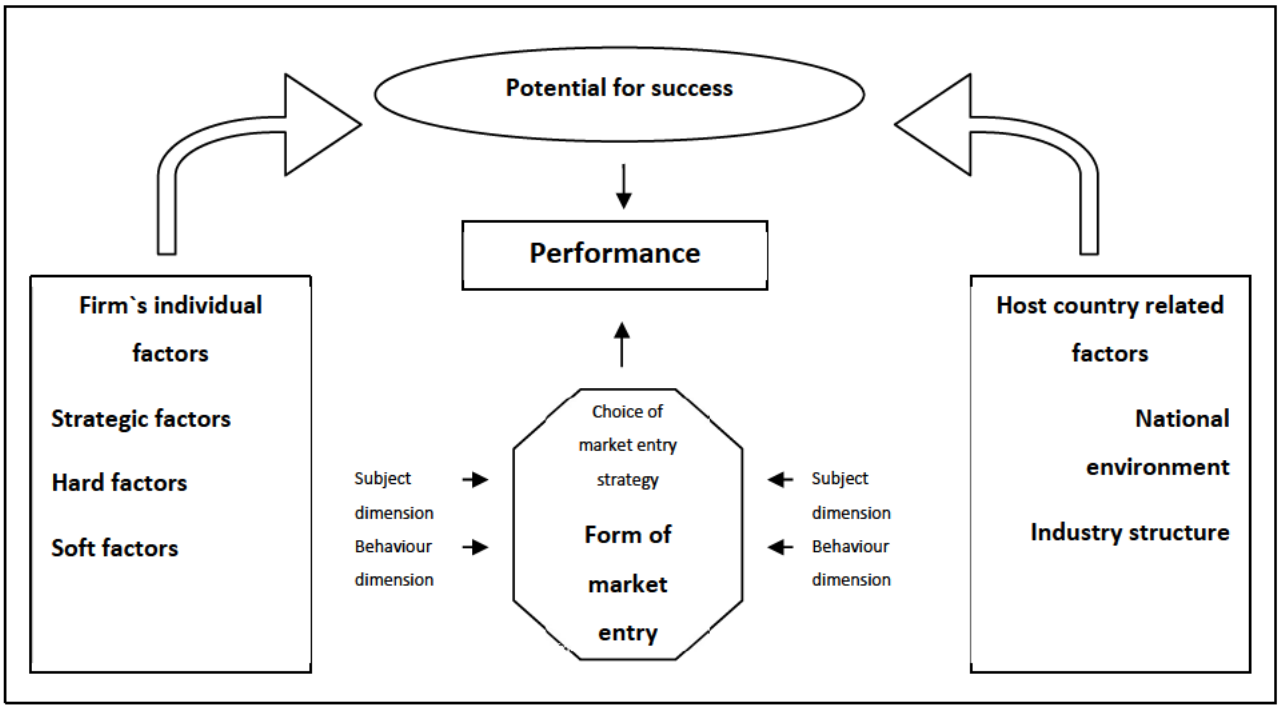


Figure 1: Reference framework for selection of a form of market entry; source: adapted from (Macharzina & Oesterle, 2002)

Once a firm has carefully reviewed the reference framework and found which potential solutions exist for a specific region or indeed a particular country, owner-managers need to know which forms of market entry opportunities are available. Johanson (2020) shows that this and showed that this is a relevant and important area for decision makers in firms.

In many cases firms start their international activities in accordance with the so-called Uppsala Model of incremental internationalisation (Johanson, 2020; Johanson & Vahlne, 1977; Schweizer, Vahlne, & Johanson, 2010). These authors suggest that this logic is based on a learning firm, which starts, learns, and accumulates experience in its home country, and whose next possible step might be an approach towards neighbouring countries, where languages, political systems, currencies and culture are relatively similar. After building knowledge and experience of such countries, additional new country markets might be targeted. A further component of this incremental logic is that investment in international markets may be increased when justified by accumulated market knowledge. Accordingly, many firms begin with domestic manufacturing and exporting to intermediaries, before recruiting their own local sales representatives, investing in sales subsidiaries and sometimes eventually local manufacturing (Johanson & Vahlne, 2003; Schweizer et al., 2010).

Haussmann, Holtbrügge, Rygl, & Schillo (2006) suggest that such possible internationalisation steps can be structured into regional, continental, and global territories. Canabal and White (2008) argue that the Uppsala model is a good and target focused model which adds value for theoretical understanding and helps for increasing engagements into international markets and provides as well a groundwork for further research (Canabal & White, 2008).

Concerning the market entry mode, a lot of researchers focus on the choice of entry strategy. Shaver (2013) argues that too much research on this topic is artificially constraining research, limiting the broader perspective and a holistic orientation, and he questions whether more research in this area of entry mode is needed, as it is not contributing to increasing knowledge in this field. Writing on the same theme, Hennart and Slangen (2015) argue that there is a lack of knowledge concerning how such decisions for internationalisation are made and recommend that researchers should focus more towards exploratory rather than explanatory directions.

Communication vehicles and infrastructures that support internationalisation have improved during recent years. In particular, the Covid pandemic has led and boosted the acceptance and usage of instruments like MS Teams and Zoom for example. In the opinion of the researcher, many are international markets becoming more homogeneous and thus lowering the risk of a potential failure.

2.5 Patterns of internationalisation

Welch & Luostarinen (1988) proposed that there is an evolutionary path in internationalisation, by which firms tend to develop processes and activities in foreign countries sequentially. For example, the formation of wholly owned subsidiaries tends to be preceded in most cases by the use of independent agencies. And precisely not only by looking into operational modes, but as well by identifying the diversity of modes and the products which had been offered and the international markets which had been penetrated. It can be stated that internationalisation is not necessarily a smooth, immutable direction of development (Johanson & Vahlne, 1977, 2003; Johanson & Wiedersheim-Paul, 2017; Welch & Luostarinen, 1988). Johanson and Vahlne (1990) responding in an article concerning criticism of the Uppsala model and presenting mechanism of internationalisation and a description of going international (Johanson & Vahlne, 1990).

2.5.1 Stage theories of internationalisation

From a theoretical perspective, stage theories are conceptualisations of steps and processes within internationalisation processes. Stage models originated during the 1970s when researchers, particularly in Finland and Sweden, started to explain internationalisation by making use of behavioural theory, in particular learning theory and the concept of psychic distance. The logic of the learning approach is that, in general, foreign markets differ in many ways from the domestic market, so in comparison international markets present considerable learning challenges and systematic knowledge-building is required before and during market entry. Clearly, however, some markets differ more than others from the domestic market: for a German business, Austria is a much less challenging market than China. This also illustrates the concept of psychic distance, which refers to how different a market seems, when compared with the domestic market. Brewer (2007) argues that the greater the psychic distance of a country market, the greater is the impediment to information flows. Accordingly, Evans, Treadgold, & Mavondo (2000) add that psychic distance is one of the relevant key factors for explaining firms` performances and patterns in internationalisation.

Ruzzier, Hisrich & Antoncic (2006) point out that several concepts such as learning models, sequential models and process theories characterise the 'Swedish school' and 'Nordic models' of internationalisation and that these terms and others can be used synonymously. Amdam (2009) shows that this theory also holds that firms tend to internationalise by a step-by-step process, starting in the home country by exporting via agents and then with wholly-owned subsidiaries, possibly leading to production facilities abroad. Gankema, Snu, & van Dijken (2019) point out that all these approaches have in common a focus on growth and development and a sequential direction where each stage reinforces the firm's involvement in internationalisation.

2.5.2 The `Uppsala Model´ of incremental internationalisation

The Uppsala model provides an integrated view of processes of internationalisation, showing how firms tend to incrementally increase their commitments to international markets over time, driven by experience, learning and gradual reduction in perceived risk. The original proposers of this model were Johanson and Vahlne (1977), who conceptualised internationalisation as an incremental

process of the development of market knowledge, enabling continuing increases in financial and non-financial commitments to foreign country markets. Johanson and Vahlne continuously refined their conceptualisation throughout the 1980s and 1990s, during which they recommended several extensions of the original model, then in 2003 highlighted the relevance of institutional, cultural and economic impediments which may be described as elements of cultural and psychic distance (Johanson & Vahlne, 2003). Other researchers, most notably Wiedersheim-Paul and Johanson contributed towards the original model and also updated their conceptualisation in 2017 (Johanson & Wiedersheim-Paul, 2017).

A central theme of the Uppsala Model is an incremental process of the intensification of international activities which is based on the learning experiences of businesses in new country markets. Wach (2021) suggests that the stages can be described as indirect to direct export activities, the usage of agents in new countries, the establishments of own sales subsidiaries and finally the production subsidiaries in those markets.

In 2009, Johanson and Vahlne (2009) included the importance of networking within their conceptual model, including the perspectives of independent actors that contribute to a network and recognised the importance of trust as an outcome depending on the mutual levels of knowledge, which could have a negative or positive impact, replacing the term `market commitment´ in the original model with that of `network´. A study by Kontinen and Ojala (2012) concluded that founders of firms generally apply the incremental stage model and also that ownership structure plays an important role in future international approaches.

Amdam (2009) highlighted, from an entrepreneur´s perspective, the importance of recognising opportunities to gain knowledge. Accordingly, in 2010 this logic was incorporated within the ‘entrepreneurial Uppsala model’, because of the dynamism of international business development during the previous 20 years. In the following decade the co-ordination of international networks became a stronger focus and globalisation became of greater relevance to internationalisation theory. In 2013 dynamic capabilities came into focus and were applied to multinational enterprises, while 2014 saw the initiation of the development of the second ‘globalisation Uppsala model’, incorporating all knowledge from previous versions (Johanson, 2020; Johanson & Wiedersheim-Paul, 2017; Wach, 2021).

Johanson and Vahlne (2020) reported that they are still continuously developing their model with networks of firms and relationships forming the macro perspective of environment. However, they point out that their model could be significantly improved by a better understanding of the `psychological characteristics of managers´, the impact that this has and what this means for internationalisation.

Wach (2021) concludes that the Uppsala model with its six proposed further developments shows that although stage models are sometimes criticised, the Uppsala one is still widely used in empirical research and it can be argued that it has, with its history of adaptions and modifications, a universal character. Hult, Gonzalez-Perez, & Lagerström (2020) confirm the fundamental importance of the revised Uppsala models, particularly the version proposed by Johanson & Wiedersheim-Paul (2017), and its relevance for future research, in particular exploring the commitment and trust between stakeholders and what can be learned from each category of actors. Johanson and other researchers emphasise that the involved actors and leadership of a firm are of great interest in enriching the understanding of internationalisation and the role of networks (Johanson, 2020; Johanson & Wiedersheim-Paul, 2017; Karami, Wooliscroft, & McNeill, 2020).

2.5.3 The ‘born global’ firm

The concept of the ‘born global’ firm has been developed over the last 30 years as a response to the increasing phenomenon of new businesses internationalising very rapidly after start-up, apparently being created with an international or global perspective and strategy already in place – hence ‘born global’. This proliferation of born global firms broadly coincided with the widespread adoption of internet use and other aspects of the rapid development of greatly enhanced communications, which are facilitators of these characteristics. The idea of the born global firm is thus a radical departure from the previously dominant stage and Uppsala models of the incremental growth of a firm’s international activities.

The term ‘born global’ was coined by Michael Rennie in an article in McKinsey Quarterly in 1993 (Rennie, 1993). Rennie was an employee of McKinsey Australia and used the term to describe a group of relatively new firms that had grown their international sales very rapidly to account for 20% of Australia’s exports by value. He noted that these firms were relatively small but had both

started their internationalisation sooner after start-up and grown their international sales at a much higher rate than other SMEs that were pursuing incremental internationalisation strategies. Rennie argued that these born global firms demonstrated two key characteristics:

1. They were strikingly competitive against larger established players, and their competitiveness has increased significantly in the past two decades.
2. The owners were managing profitable, fast-growing global business systems in a way that was impossible 20 or even ten years earlier (Rennie, 1993, p.45).

Since the publication of Rennie's article, the concept of 'born global' has been widely adopted and is often contrasted with the prevailing model of incremental internationalisation. Among the many researchers who have joined this debate, the two US-based academics Tamer Cavusgil and Gary Knight have perhaps been the most prolific and sustained contributors. Knight and Cavusgil (2004) studied the internationalisation process of born-global firms in their early stages, concluding that their focus tends to be on building and maintaining an innovative culture, as well as the firms' knowledge and capabilities. They found that managers in such firms had a clear global vision and that the workforce has a substantial base of international experience and that these characteristics are more difficult to find in traditional MNEs. They recognised that technological developments like being electronically connected through the internet have radically changed the playing field, especially for younger and smaller firms around the globe, with the effect that born-global firms are becoming an important species in the total ecosystem of internationalisation. Knight and Liesch (2016) emphasise the importance of born-global firms and conclude that such firms are evolving all around the globe, in which key aims are to develop market knowledge at an early stage of the firms' lives and to seek ways to exploit this knowledge during the internationalisation process.

In 2015, Cavusgil and Knight reflected on the outcome of their 2004 article and recent developments in the born global field (Cavusgil & Knight, 2015). They were still focusing on the internationalisation and growth processes of born-global firms but identified a number of questions that still need answering: why some of these firms grow rapidly, others more slowly over time and some firms remain regional or local. They acknowledge that young born-global firms are exposed to many competitive pressures and challenges globally but argue that these challenges offer opportunities for such firms to develop faster, providing higher quality and within that achieving a higher

performance. The authors also emphasise the importance to international success of Innovation competence and suggest that the knowledge and experience of the entrepreneurs/owner-managers is fundamentally important to success, so that owner-managers must continuously hone their capabilities, especially in change management.

The definition of born-global firms has been a topic of debate, although there has been only limited consensus regarding the qualifying parameters for a firm to be categorised as born global. For example, Kudina, Yip & Barkema (2008) argue that a born-global firm could be defined as such if 25% of its sales are realised in foreign countries within three years of start-up. Beyond this definition, there is much of qualitative interest in Kudina et al's article, which argues that born-global firms are of particular interest because aspects of their growth strategies could be used by other businesses. For example, they found that born global firms tend to position themselves around their clients like an ecosystem, which can be a strong element of competitive advantage, and that the born global firms tend to make overseas acquisitions of technology instead of investing too much into research and development in the home country. In common with other researchers, Kudina et al. suggest that the strategies pursued by born global firms are facilitated by the prior experience or knowledge of their founding entrepreneurs and recommend further research in this field.

Baronchelli and Cassia (2014) proposed four relevant factors which are of relevance to the internationalisation of born-global firms: being focused on an industry niche, possessing in-depth market knowledge, being broadly innovative and building and developing appropriate networks. It is reasonable to argue that those characteristics are important to firms which follow the internationalisation path on a traditional incremental way as well for born-global ones, as all business owners can reduce uncertainty by focusing on markets for which they have relevant knowledge and experience, while innovativeness is essential for strategic sustainability in the face of environmental change.

The 'born-global debate' has stimulated broader discussions on patterns of internationalisation and the influences of specific actors and cultures within the human organisations of businesses with fast-growing international activities. Moen (2002) argued that new businesses are either born-local/regional or born-global, although a transition can be made from a regional to a global

approach. Moen suggested that newly-established global firms tend to show similarities with established global ones, whereas newly-founded local ones share similarities with older locally-based firms. Given this insight, Moen suggested that the influences of the owner-manager and/or other decision-makers are very important to the firm's international orientation.

Evers, Gliga, & Rialp-Criado (2019) differentiated between international new ventures and born-global firms and developed a conceptual framework. The researchers emphasised the need for future research into the antecedents of a firm but also into the factors that influence the direction and strategic direction of firms, recommending a qualitative approach to enable a better understanding of the entrepreneurs who owned and drove the growth of these firms.

Jones & Coviello (2005) and Coviello (2015) make the point that there is insufficient knowledge about the knowledge, experiences and actions of owner-managers and their participation in internationalisation processes, even though this would contribute greatly to understanding a firm`s internationalisation process. They also argue that this does not only apply to so called born-global firms but to all SMEs that are engaged in internationalisation. Jones and Casulli (2014) make a similar call, specifically asking for research into the experiences and decision logic of entrepreneurs. Sarasvathy et al. (2014) also agree with this sentiment, arguing that having such understanding may lead to answers of the questions surrounding the mechanisms and speed of internationalisation.

Many born-global firms are associated with the technology sector. Accordingly, Crick (2009) analysed the internationalisation paths of a sample of 21 SMEs from this sector in the UK, concluding that the sample included two groups: the born global, having a global focus, and international new ventures with a more regional focus. Crick explained the difference as depending on the international perspectives of the founders and members of the management teams, as well as their experiences and subsequent learning. In Crick's view, exploiting technological and market knowledge was driving internationalisation among both groups but the born global firms were driven to make use of these at a global level, whereas the other firms tended to focus on specific lead markets. The born global firms were more likely to rapidly make significant investments in country markets, while SMEs with a more traditional approach tended to choose a path with a more gradual increase in financial commitment. Tanev (2012) also analysed internationalisation in a sample of technology-based firms, supporting Crick's finding that the born-global firms showed a

strong desire to expand internationally or globally from the time of foundation, also attributing this tendency to the founder`s orientation experience and recommending further research into this phenomenon. Tanev also noted that the newly-formed international subsidiaries did not simply serve customer needs in a specific country market but were also important to building an ecosystem, which contributes further to the firm's market knowledge.

A widespread theme in the broad literature of internationalisation is the lack of in-depth empirical research and the born global literature is no exception. Paul and Rosado-Serrano (2019) suggest that comparative studies of the differences between incremental internationalisation processes and born global ones are few, because the majority of researchers have a predisposition to one form of internationalisation or the other. but argue that these differing patterns are driven by owner-managers' knowledge, experience and preferences, developed through education or personal experience and/or observation.

Etemad (2017) explored the possible life cycle of born global firms, posing the question as to whether any developed born-global firms have transitioned into `borderless´ firms, concluding that there is no existing theory and that research approaches have to go beyond the status quo. In Etemad's view, the incremental task and challenge to researchers is to invest time and efforts to develop a life-cycle theory for born-global firms which portrays the path from start-up towards developing born-global firm and finally towards a borderless firm.

Ughetto (2016) analysed the effects of personal entrepreneurial factors and venture capital in the context of born-global firms in the high-tech sphere. She found that venture capital had a positive influence on the internationalisation approach of born-global firms, while the heterogeneity of top managers in their educational expertise had a rather negative impact. This is surprising in the opinion of the researcher but might make sense if one takes into consideration that perceptions of growth alternatives are different, and uncertainty is high. The author also argues that experienced entrepreneurs who might have already led other firms and, having learned from those experiences, tend to predominate in born-global firms and also help to facilitate learning as best practice for German Mittelstand firms and SMEs in other countries (Ughetto, 2016).

García-Cabrera, García-Soto, & Suárez-Ortega (2017) found in a study of 242 young Spanish firms, that knowledge spill-overs are important for such firms with a propensity towards export, while

internal innovation capabilities have a stronger influence on this propensity among born-global firms. The reason for this is that these capabilities help them to offer innovative products and maintain their competitiveness in external markets, making knowledge key for successful internationalisation.

Chhotray, Sivertsson & Tell (2018) researched leadership as well as the roles of vision and empowerment of born-global firms in two Swedish companies. They established that the vision should reflect the culture but also the desire to become a world market leader. Chhotray et. al. recommended a leadership style which fosters the recognition of employees, arguing that autonomy of employees contributes towards the success of a firm in the internationalisation process. The researchers saw the need for future research into the role of vision, organisational layers and egalitarian leadership styles in international firms.

Rastrollo-Horrillo and Martín-Armario (2019) explored possible organisational barriers to growth that can occur in born-global firms, particularly the role of employees, which in the opinion of the researchers is key, and so far underestimated by researchers. The authors emphasise the importance of employees to continued growth and recommend that careful recruitment should already be a focus from the inception of a firm, recognising that that the roles and challenges faced by personnel will evolve over time. Romanello and Chiarvesio (2017) also stressed the importance of a longer-term view, focusing on the turning point from the early stage towards a post-entry stage and recommending the fostering of critical resources to prepare a firm to enter a later stage of growth.

Unquestionably, the debate on born-global firms has brought a new dimension to internationalisation theory, as it will doubtless continue to do. It is useful to summarise some of the key points of differentiation of born global firms from the more traditional businesses with respect to patterns of internationalisation discussed above:

- Born-global firms show a strong desire to expand globally from the time of foundation.
- These firms could be defined as such if 25% of its sales are realised in foreign countries within three years of start-up.
- The firms' focus tends to be on building and maintaining an innovative culture, as well as the firms' knowledge and capabilities.
- The managements of these firms have a clear global vision and their workforce has a substantial base of international experience, both characteristics that are more difficult to find in traditional MNEs.
- The knowledge and experience of the entrepreneurs/owner-managers of born global firms are fundamentally important to success, such that owner-managers must continuously hone their capabilities, especially in change management.
- Such firms are evolving all around the globe, in which key aims are to develop market knowledge at an early stage of the firms' lives and to seek ways to exploit this knowledge during internationalisation.
- Born-global firms are exposed to many competitive pressures and challenges globally but these challenges offer opportunities for such firms to develop faster, providing higher quality and within that achieving a higher performance.
- Such firms tend to position themselves around their clients like an ecosystem, which can be a strong element of competitive advantage, and born-global firms tend to make overseas acquisitions of technology instead of investing too much into research and development in the home country. (Note: although only a few of the owner-managers in this research used the term 'ecosystem', they also frequently referred to the importance of creating and maintaining stakeholder relationships).
- Many born-global firms are associated with the technology sector.
- Venture capital has a positive influence on the internationalisation approach of born-global firms.

With regard to this research project, the question is how relevant these ideas and others associated with born-global firms are to understanding internationalisation within the population of Mittelstand firms, with their track record of outstanding success in dominating market niches at

international and global levels. At this point it may be helpful to recall that this is certainly not a new phenomenon and to revisit the quotation of David Lloyd George that introduces this thesis in 1.1.1.

This international success will be discussed in more depth in the following sections 2.7 and 2.8, which focus respectively on the German Mittelstand and the behaviour of Mittelstand firms in international markets. The concept of 'Hidden Champions' will be brought into focus in 2.7.4, as it is of direct relevance to the focus of this research and moreover makes an interesting counterpart to the born global debate. As such, it raises many more questions about the mutual compatibility of these ideas and the broader issue of historical context, raising the fundamental question as to whether the international success of the Mittelstand was earned by a set of internationalisation strategies that have been particularly appropriate to the pre-internet age but may be less so in the era of the communications revolution that we have now entered. While many of these questions are beyond the scope of this research project, they are of importance and are returned to throughout this thesis.

2.6 Business size and internationalisation

Ruzzier and Ruzzier (2006) argue that traditionally, literature concerning internationalisation has been focused on multinational enterprises, with SMEs of less interest to researchers in the earlier years of this millennium. Korosteleva (2009), however, built a theoretical model based on empirical research in Europe, showing the rapidly growing involvement of SMEs in international trade, identifying three major drivers of this trend: the very high growth in numbers of SMEs, the practicalities of internationalisation and the pace of internationalisation.

Spence and Schmidpeter (2003) confirm that SMEs are a major driver, especially in Germany, in generating turnover and jobs, confirming the significance of these smaller players (i.e. the SMEs) and their importance for their countries' economies.

Table 2 below presents an analysis of different legal entities in Germany for the year 2019 (Statista, 2020), showing clearly that the majority of firms comprises the SME segment.

Legal entitites/ number of firms, size versus legal forms for 2019 in Germany					
	0 - 9 employees	10 - 49 employees	50 - 249 employees	250 - and more employees	Total
Individual entrepreneurs	2,070,813	94,255	3,846	110	**2,169,024**
Partnerships (e.g. OHG, KG)	321,636	6,296	14,653	3,217	**402,466**
Corporations (GmbH, AG)	529,495	170,257	47,761	10,861	**758,374**
Other legal forms	188,695	30,465	7,563	2,610	**229,333**
Total	3,110,639	357,937	73,823	16,798	**3,559,197**
Employment rate	**87.40%**	**10.06%**	**2.07%**	**0.47%**	**100.00%**

Table 2: Number of firms in Germany, size versus legal forms for 2019; source: adopted from (Statista, 2020)

Perlitz (2004) adds that many German SMEs already have significant export businesses, equivalent to the much larger corporate businesses. Krammer, Strange, & Lashitew (2018) suggest that during recent years, SMEs have increased their interest in and focus on internationalisation, while Ruzzier & Ruzzier (2015) confirm their orientation towards a global perspective.

De Massis, Audretsch, Uhlaner, & Kammerlander (2018) argue that SMEs often have a constraint on the resource side. On the other hand, there are other characteristics of the firms' strengths which leverage such a constraint and even to lead to a competitive advantage. Johnson and Turner (2010, 2016) confirm that SMEs have become important economic drivers in the EU of competitiveness and innovation, as well as having positive attributes such as knowledge, impact on competition and effect on variety, and are thought to be more innovative, especially in `knowledge-intensive´ sectors like IT.

Caputo, Pellegrini, Dabic & Dana (2016) suggest that the whole SME sector can be seen as the initiator of innovation; there is greater competition among SMEs which leads to more intensive innovation. SMEs grow in size, take on more employees and in the end this results in greater economic activity. There are spillover effects from the knowledge base and there is greater diversity in the number of companies and their outputs. The SMEs can rightly claim to be the job creators in Europe (Hohti, 2000), (Heshmati, 2001).

2.7 The German Mittelstand

2.7.1 Introduction – what is the Mittelstand?

Randlesome (1994) confirms that there is no concrete translation of the term German Mittelstand into English and so the term is accordingly known and used internationally. The institute for SME

research Bonn (2021) use the term `The German Mittelstand´ to refer to a broad category of Small and Medium-sized Enterprises (SMEs) which are privately owned. Mittelstand firms are characterised by the Bonn Institute for Mittelstand Research (`Institut für Mittelstandsforschung Bonn`/IfM Bonn) as having a unity of management and ownership, normally including members of the founding family. Two definitional parameters should be mentioned: There are up to two natural persons or members of the family owning a shareholding of a minimum of 50% and those natural persons are part of the management. The terms 'Mittelstand', 'family-owned firm', 'owner-managed firm' and 'family firm' are used almost synonymously (Mittelstandsforschung, 2021a).

Venohr and Meyer (2007) state that such SMEs are described by official statistics of producing a turnover of less than 50 Million Euro per annum and having fewer than 500 employees, in line with the definitions of the IfM Bonn. Since 2016 those definitions of the IfM Bonn (Mittelstandsforschung, 2021b) have diverged from those of the European Commission in the upper boundary of the medium-sized category, defining it as fewer than 500 employees (IfM Bonn) versus fewer than 249 employees (European Commission). It should however be noted that many people and organisations stretch this upper boundary to include considerably larger family-owned and managed firms, such as Aldi, Melita and Stihl, the logic being that they still share many qualitative characteristics with smaller Mittelstand firms.

Meffert, Mohr & Richter (2020) point out that while the German SMEs contribute 57.6% jobs to employees (insurable employment) and 37% of total revenues, the contribution of the privately owner-managed firms of the German Mittelstand are even higher, at 41,5% of total turnover. This illustrates the problem of definition discussed above: Meffert et al. report that the sales of 99,6% of these firms are subject to VAT and that around 90-95% of total firms in Germany can be categorised as 'family firms'.

Welter, May-Strobl, Holz, Pahnke, Schlepphorst, Wolter & Kranzusch (2015) describe the ´German Mittelstand as the backbone of the German economy` and a 'job engine'. Simon (1992) states that the German Mittelstand is a driving force of the country's economic success, dominating the economy soon after World War II and driving sustained and rapid growth during the 'economic miracle' (known as the Wirtschaftswunder in German). Welter et al. (2016) concur that this driving force is elementary for innovation, growth and employment in Germany. Audretsch and Lehmann

(2016) agree that the German Mittelstand can be seen as the backbone of the success of the German economy and that it is driving internationalisation success and innovativeness.

Haunschild and Wolter (2010) suggest that the German Mittelstand firms add up to around 90% of all firms in Germany, providing a solid basis for the economy. Fels and Wolter (2022) report that while in 2010 family-owned firms were 95.3% of all German enterprises, this percentage decreased to 90% for the year 2019. The same authors noted that of the 3.2 million owner-managed firms in 2019, 18% had female leadership.

Welter et al. (2015) argue that the German Mittelstand is important for the economy and as well for society more broadly, because with their characteristics such as responsibility towards employees, a long-term strategic approach and strong emphasis on competence and reliability, the German Mittelstand also performs an important societal function.

In economic terms, an efficiency advantage exists versus other firms because of lower control costs. The strategic corporate management of German Mittelstand firms has a specific characteristic: the unity of ownership, management and leadership, encouraging the owner-manager to act only in the interest of his/her own firm.

Becker and Ulrich (2015) suggest that the beginning of the new millennium can be described as a challenging period due to the financial crisis, particularly from 2007 until 2010. Up to the start of this fundamental crisis, historical data show clear evidence that especially those firms in the German territory had distinctive achievements that can be verified by the numbers of foundations and liquidations of firms. The German Mittelstand overcame this devastating period more easily and smoothly than did similar firms in Greece, Italy, the UK or France. Arentz & Münstermann (2013) suggest that one important reason for that might be seen in the relative independence of Mittelstand firms from banks because of their relatively high levels of liquidity, as they are often over-capitalised, meaning that they are not generally reliant on bank loans and overdrafts. Fear (2014) adds that the German government also helped various industries with subsidised programmes and that firms are typically in a close relationship with their local communities.

2.7.2 Qualitative characteristics of Mittelstand firms

Academic interest in the Mittelstand has grown over recent decades and one aspect of this growth is an emerging recognition that German Mittelstand firms tend to share common qualitative and behavioural characteristics, such as aspects of leadership, management style, attitudes to risk, planning behaviour and so on. Many authors have commented on this phenomenon in the recent decade, including (Arentz & Münstermann, 2013; Audretsch & Lehmann, 2016; Berlemann & Jahn, 2016; Fear, 2014; Orton-Jones, 2013; Röhl, 2020; Welter et al., 2014; Welter et al., 2015), suggesting the following characteristics:

- Preponderance of family ownership and management.
- High longevity – large number of firms that are over 100 years old.
- Embeddedness in the local community – many firms remain located in the small towns and villages where they were founded.
- Long-term view and planning horizon.
- Attitude towards risk.
- Attitudes towards training and education – most firms place an emphasis on staff development, including apprenticeships.
- Attitudes towards investment – consistent focus on the need for investment in people, R&D, infrastructure, etc.
- Leadership styles – emphases on employee development and collaborative working.
- Propensity to internationalisation.

Reinemann (2019) adds that a long-term cooperation of German Mittelstand firms with local banks is also a positive contributor to success. There tends to be a lot of trust invested in those relationships.

Soskice (2007) suggests that an important element of Mittelstand business culture is the necessity of maintaining high levels of skills and the recognition that thorough training is a fundamental part of the firm`s success, ensuring that a high level of quality and service to their customers can be sustained and improved. Soskice argues that those skills are therefore a fundamental pillar of the success of Mittelstand firms, which employ more than 80% of all German trainees, including

apprenticeships of 3 to 3 ½ years' duration. If employees are sufficiently committed, they can educate themselves further to a level called master craftsman, with such master's programmes lasting another 1-2 years. Certainly, this is a substantial investment, that can be seen as personal ones by those employees themselves but also as personal investments by the owners of the Mittelstand firms. The researcher sees this high level of commitment to education, training and personal development as one of the most important drivers of the national and international success of Mittelstand firms.

Hildebrandt and Neumüller (2018) focus on the values held by Mittelstand owner-managers, showing how those values are sustained over decades and are passed on through generations, becoming attributes of the firms' culture. Those values enable the firm to stand on a sustainably solid foundation and with clear objectives for a successful future. A widespread and dominant ingredient of those values is a long-term perspective, which is lived by those owner-managers because it is based on the imperative of continuity, stability and solidity.

2.7.3 Mittelstand ´strategic style` and the concept of strategic discipline

Many of the `typical characteristics´ of Mittelstand firms introduced above are aspects of management and leadership style, for example a long-term planning horizon, prudent risk management and a strong focus on investment. Lehrer and Schmid (2020) collectively label these and other aspects of Mittelstand firms' strategic style as 'strategic discipline', reflecting many firms' tendency to maintain focus on long-term goals and to resist the temptation to change direction in pursuit of short-term advantage.

In developing the concept of strategic discipline, Lehrer & Schmid propose the following as its key features:

a. Cultivating simplicity.
b. Not being provoked by short-term temptations.
c. Being focused on implementability.

Lehrer and Schmid conclude that those attributes can be found in the German Mittelstand and that they reflect the characteristic strategic priorities of owner-managers, who actively participate in their firms and behave as 'patient owners and investors'. It should be acknowledged that in

developing their argument, Lehrer and Schmid focused on larger and developed ‘extended Mittelstand’ firms in relatively mature markets (specifically the strategic histories of ALDI, Stihl and Hipp) rather than younger firms in rapidly developing markets. It is therefore reasonable to question whether this notion of ‘strategic discipline’ is appropriate for fast-moving environments and for smaller firms.

The first dimension of Lehrer and Schmid’s concept of strategic discipline is ‘cultivating simplicity’, which is a catch-all term for a number of contexts. Dobni, Klassen, & Sands (2016) use the term ‘simplicity’ to mean clarity in the leadership and the organisation of a firm, such that all involved employees can understand and relate to it and contribute to successful implementation. Lehrer and Schmid extend this idea to external stakeholders, in particular potential customers. In this context, ‘cultivating simplicity’ is a reminder that the firm’s market positioning should be clear and simple to understand, as well as the market offer, the benefits it provides and the promotional messages.

The second dimension is resisting short-term temptations, in order to maintain focus on longer-term goals. Short-term opportunities are often attractive but present a danger of distraction from the long-term direction. Buell Hirsch (2014) reinforces this by citing a finding from behavioural economics that human beings tend to overvalue short-term strategies/options.

The third dimension is a focus on implementability, in the sense that successful execution is the vital counterpart to planning. Because of this, German Mittelstand firms tend to act on the basis of knowledge and also their capabilities for implementation - in other words, they do what they know they can do well. Winter and Szulanski (2001) confirm this, suggesting that Mittelstand firms try to make the best use of their accumulated knowledge and experience by replication of successful strategies, with replication becoming a major driving force for internationalisation in recent years. The Internationalisation of German Mittelstand firms.

McDonald, Krause, Schmengler & Tüselmann (2003) analysed the patterns of internationalisation of German Mittelstand firms, identifying three clusters, all nontypical for `born global´ firms. One cluster has a focus on Europe, another a focus outside Europe and firms in the third cluster adapting their products and services to the needs of customers both inside and outside Europe. McDonald et al. suggest that the internationalisation strategies of Mittelstand firms are largely independent of their industry relationships, and that it could also be confirmed that firms have internationalised

according to an incremental pattern, as per stage theory. Furthermore, the same authors found that the Mittelstand firms in their study were generally successful with implementing their strategies in a cautious manner, in line with Lehrer and Schmid's (2020) concept of a focus on implementability, as discussed above.

Johanson and Vahlne (2003) add that there is a tendency for the psychological perspectives of Mittelstand managers to focus on their firms` performance relative to strategic objectives, with ideas from stage theory often mentioned (Johanson & Vahlne, 2003). Simon (2009) argues that that much Mittelstand internationalisation proceeds by incremental steps but doing so wisely and steadily, entering just a few new country markets per year.

There are several relevant and important factors which are the base for the success of the German Mittelstand niche. McDonald et al. state that especially owner-managers act cautiously and are strategically dedicated towards international expansion. Focus here is a longer planning horizon and as well sustainability, meaning also having capacities of investing over a longer period and acting locally. The owner-managers' entrepreneurial behaviour can be descripted as innovative and proactive. There is also a strong focus on sustainability regarding the next generation, which is another driver of longer-term thinking, in contrast with just being concerned about the next quarter. Another aspect of this philosophy is that next generation successors must be trained in both values and relevant competencies (McDonald et al., 2003; Werner, Schröder, & Mohr, 2013). Fernández-Aráoz et al. (2015) highlighted a fundamental requirement that candidates for succession are learning thoroughly and have the capability to manage change. Duran, Kammerlander, van Essen, & Zellweger (2016) suggest that successful German Mittelstand firms concentrate their focus towards the customer. This does not mean to counterattack the competitors but to serve the needs of their customers in a specific niche by offering the best product innovation, leadership in technology, having the best aftersales service, based on a cooperative (family) business culture and to strive to offer the highest value for their customers by providing custom-designed solutions. In other words, the customer is viewed as an important pillar of innovation (Duran, Kammerlander, van Essen, & Zellweger, 2016; Lehrer & Schmid, 2022; Simon, 1992; Venohr & Langenscheidt, 2010; Venohr & Meyer, 2007).

Education and lifelong learning approaches are key sources of competitive advantage for Mittelstand firms. Berghoff (2016) argues that this conveys an advantage compared with other countries in the European Union, as well as with international competitors. Orton-Jones (2013) adds that local unions, being embedded in the community and political support all help to ensure that the performance of well-trained and skilled workers is at a sustainably high level, supporting the domestic and international competitive advantage of firms and contributing towards long-term success.

Other researchers such as (Rickes & Hassell, 2008; Venohr & Meyer, 2007) confirm in their research that owner-managers of firms are successful when being both rigorous and focused on international and national niches where their own employees and external partners are very valuable asset. Orton-Jones (2013) points out that an additional asset is the commitment and loyalty of employees within a Mittelstand firm which supports a long-term perspective during an internationalisation process. De Massis, Audretsch, Uhlaner, & Kammerlander (2018) acknowledge that owner-managed firms tend to show `high esteem´ towards their employees, which is beneficial for the owner-manager and the firm as well for the employees. It can also be stated that hierarchies in owner-managed firms tend to be relatively flat and that employees are more often involved in decision-making compared with large-scale German firms (74% in Mittelstand firms versus 59% in larger German firms) (De Massis, Audretsch, Uhlaner, & Kammerlander, 2018; Lehrer & Schmid, 2022).

Haussmann, Holtbrügge, Rygl, & Schillo (2006) point out that an emphasis on familiarisation and research into specific international markets helps a firm to focus on the individual needs of buyers. The majority of privately-owned firms maintain their critical knowledge base such as R&D activities as well as control and core competencies inside their headquarters (Haussmann, Holtbrügge, Rygl, & Schillo, 2006; Simon, 1992). Fernández-Aráoz et al. (2015) see such behaviour inside German Mittelstand firms as a model of best practice of governance.

To conclude: the German Mittelstand is an extremely important contributor to the German economy. Other countries have tried several times to copy it, but never successfully; it is the `gold standard of success´. Lord Livingston, then Minister of State for Trade and Investment in the UK, stated at a conference on the German Mittelstand that emulating those German firms was vital in order to plan towards deficit-reduction in the UK, that a vital contribution of the German

Mittelstand is its internationalisation success outside of Germany, and that personal contact with locally-based mid-sized businesses in the UK should be made by the government in order to support the 'National Mittelstand' (Stirling, 2014). Turner, Murphy, Snelling, & Davies (2017) argue that these comments were valid and can also be verified by several research projects, such as their comparative study of the SME-based house building industry, with that of Germany.

2.7.4 The ´Hidden Champions`

Hermann Simon was introduced earlier in this thesis as one of the most prolific researchers of the Mittelstand throughout his career (Simon, 1992; Simon, 1996, Simon, 2007). Simon's best-known contribution to the literature of the Mittelstand is the concept of the Hidden Champions, a term he first used in a Harvard Business Review article published in 1992 to describe the remarkable number of Mittelstand firms that have become dominant players in a wide range of market sectors and sub-sectors, while remaining relatively unknown in comparison to the large public corporations with which we are familiar as 'global brands'.

Simon characterised the Hidden Champions as follows:

- Ranking as the number 1 or 2 in their world market, often dominating their own niche.
- Firms with turnovers of more than 50 Million Euro or having more than 500 employees.
- Almost all of these firms in are private ownership, so are not present on the world's stock exchanges.
- Many of these firms are owner-managed and most of those are family-owned.
- Most of the firms are located in small towns and villages, often within rural areas.

(Simon, 1996, 2007).

Venohr and Langenscheidt (2010) investigated German world market leaders and came to the conclusion that around 1,400 firms out of 1,500 can be found in the German Mittelstand. They also noted that many of these firms were located in rural areas, as shown in Figure 2:

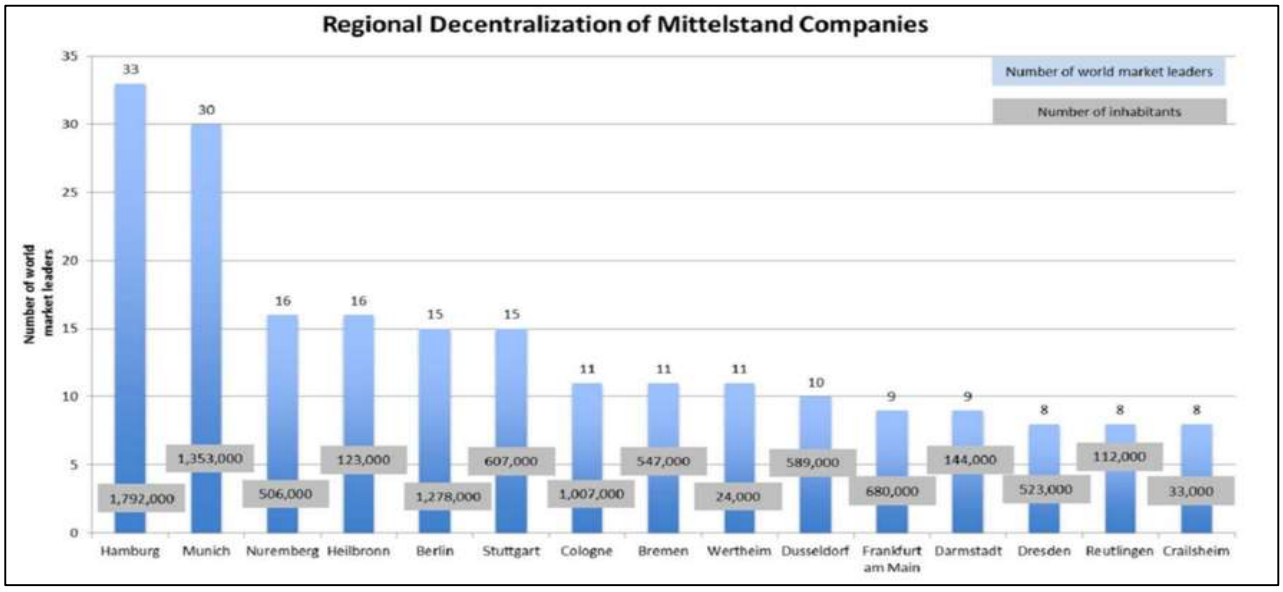


Figure 2: Regional decentralisation of German Mittelstand firms; source: adopted from Federal Ministry of Economic Affairs (Make it in Germany, 2016).

Figure 2 above shows the number of world market leaders on the y-axis and their regional locations in Germany with corresponding numbers of inhabitants on the x-axis. The most extreme case, shown on the right side of the diagram, is the small town of Crailsheim in rural Baden-Württemberg that is home to 8 world market leaders. (Note: the number of inhabitants shown in Figure 2 for Berlin is not correct – the population in 2022 was approximately 3.8 million and close to that total in 2016).

Berlemann & Jahn (2016) confirmed that decentralisation of firms and being located across diverse regions is a specific characteristic of German Mittelstand firms. As employers, they have found ways to attract candidates to such rural regions in order to sustain a high level of innovation and competitiveness at the global level. However, to overcome this challenge of resource scarcity, these firms tend to invest in the education, training and development of their own employees before 'importing talent' in this way (Berlemann & Jahn, 2016; Boyd, 2010; Eddleston, Kellermanns, & Sarathy, 2008; Sirmon, Hitt, Ireland, & Gilbert, 2011).

Schenkenhofer (2022) reviewed the entire literature on Hidden Champions and possible directions of future research. Schenkenhofer offers an interesting and relevant perspective on internationalisation strategies (for example, an export quota of 70% is on average typical of Hidden

Champions and 70% of them are located in rural areas) and real competition only exists between new entrants of a specific niche where the Hidden Champion is active. He concludes that there is the need to explore the determinants of internationalisation, both of Hidden Champions and of family-owned Mittelstand businesses in general, as the intrinsic interest of owner-managers is not simply to make profits, rather to secure the firm for future generations. Successful firms have the advantage that they enjoy a high level of employee loyalty and a strong identification with the business organisation.

Audretsch, Lehmann and Schenkenhofer (2018) argue that the success of Hidden Champions in Germany was aligned with the success of specific industries (industrial sectors) during the second half of the 19th century. In their sample, none of the Hidden Champions followed the Uppsala Model of incremental market development. Schenkenhofer (2022) adds that much useful knowledge about Hidden Champions can be transferred to and from our understanding of German Mittelstand firms, because most Hidden champions are part of the German Mittelstand (Schenkenhofer, 2022).

The concept of Hidden Champions has since been applied to successful 'Mittelstand-type' firms in numerous countries beyond Germany and the so-called DACH market. (Petersen, Pedersen, & Lyles, 2008) investigated the abilities and strategies of Swedish Hidden Champions and how they successfully compete in the global sphere. In current times there is only global competition and businesses have to deal with this. There is extant knowledge concerning the contribution of SMEs to the Swedish economy, but little is known how they prosper and the question of entrepreneurship. The researchers focused on innovation, how such firms successfully compete and the application of the concept of Hidden Champions to the Swedish sphere. In their conclusion the researchers confirm among other findings the importance of private ownership, being close to customers and high-involvement and commitment within the human organisation. Hidden Champions were not competing on price; instead, their focus is on quality and innovation in close relationships with their customers, which were very important pillars of the long-term perspective and success. For the Swedish firms a high degree of learning and knowledge development could be confirmed.

(Din, Dolles, & Middel, 2013) identified a generally conservative financing on the part of Hidden Champions, which try to control the whole value chain in order to develop and sustain their

competitive advantage. Moreover, knowledge is a fundamental element of success and competitive advantage over, for example low cost suppliers from China or India.

An interesting topic is the 'ambidexterity' of firms: the capability of organisations to focus and to combine flexibility and efficiency, thus being able to sustain current capabilities and to explore and develop new capabilities simultaneously (Garaus et al., 2016). The research was based on three case studies of Hidden Champions from Austria. Garaus et al. (2016) concluded that such ambidextrous firms are both able to cope with competitive pressure on a global scale and to meet the parallel demands of exploitation and exploration, thus enabling them to sustain their Hidden Champion status.

(Lehmann, Schenkenhofer, & Wirsching, 2019) conducted comparative research between unicorns and Hidden Champions, seeing the two groups as overlapping rather than complementary areas. They are doing so by looking into the US market. Between the Hidden Champions and the unicorns there were some major differentiation parameters and Lehmann and colleagues are highlight the importance that there is not only the need for more research into unicorns but more into the area of Hidden Champions.

2.8 The Internationalisation of Mittelstand firms

2.8.1 Introduction

There are many advantages of internationalisation but there are also many risks and threats. Simon (1992, 2009) observes that, because of this truth, German Mittelstand firms are constantly reviewing their competitive position. This helps them to ensure that their competitive strengths are maintained at the highest level possible, sustaining their competitive advantage and delivering an exceptional product/service mix to their customers. Orton-Jones (2013) identified psychological attributes such as passion, focus and commitment as fundamental elements of a solid base for international success by German Mittelstand firms. Gharpure (2011) adds that narrowing focus towards new international markets and a high level of commitment, especially towards customers, is key to success in the internationalisation process of Mittelstand firms.

Audretsch, Lehmann & Schenkenhofer (2018) take a long-term historical view of Mittelstand internationalisation success. Drawing on various economic data sources, they show that Mittelstand

internationalisation developed rapidly from the middle of the nineteenth century, rather than solely during the 'Economic Miracle' (das Wirtschaftswunder) of the mid-20th century, as is widely assumed. In the same article, Audretsch et al. suggest that successfully German Mittelstand firms focus on quality and product strategies and often favour market entry with owned subsidiaries over working through independent agents, for reasons of control and retention of intellectual capital. The authors also highlight the priority given to the building and retention of human capital through education, training and other means such as internal training and more.

Audretsch et al. (2018) add that the German economy is powered by the large number of smaller and medium-sized firms, not only by the big global brands. Moreover, this strength is not easy for other countries to copy. German Mittelstand firms stand out because of their strong internationalisation performance that is characterised by a focus on premium products and the domination of specific niche markets.

Hsu, Chen, & Cheng (2013) and other authors demonstrate that the personal characteristics of owner-managers and their roles play an important part in internationalisation and influences its direction ((Hsu, Chen, & Cheng, 2013; Nielsen, Marinova, & Marinov, 2022; Nielsen & Nielsen, 2011). It is certain that several parameters and factors have influences and may operate in parallel, such as network ties, firm characteristics, resources and knowledge. Jones and Casulli (2014) argue that an experienced owner-manager, having learned through international experience and as well through network partners, plays an important role in helping to assess alternative international opportunities and courses of action. Clarke, Tamaschke, & Liesch (2013) build on this insight, suggesting that through different experiences and learning in different countries, this results in a higher density of networks and knowledge. Schweizer (2012) adds that this tends to foster a more rational and proactive approach by owner-managers.

2.8.2 Idiosyncratic leadership and possible limitations

Orton-Jones (2013) confirms that in top-level decision making, especially by owner-managers in such enterprises, depends on personal learning and education as well as their personal preferences. It might appear that outcomes and the quality of management may lack effectiveness because in such firms relevant positions at management level are often filled with family members. Fernández-

Aráoz, Iqbal & Ritter (2015) add that a danger of continued success over the long-term view is that a degree of inertia can develop in such a firm, which could threaten an internationalisation process and the business's distinctive capabilities. Simon (1992) underlines that such inertia, particularly when paired with an idiosyncratic culture can damage a firm's international endeavours. Abel-Koch and Gerstenberger (2014) mention the fact that labour costs are high in Germany, so efficient productivity must play an important role as well, such as effective performance management and efficient practices for lean manufacturing. However, despite this disadvantage, firms are able to compensate by focusing on innovation in products and processes (in areas such as customer service, quality, attractiveness and reliability). Simon (1992) points out that firms from the German Mittelstand sometimes do show inertia, for example by kind overengineering products in ways that are neither needed nor necessary for a specific international market. He adds that this may result in a negative perception of customers, perhaps inhibiting communication or failing to communicating the most valued technical features to the customer. Backhaus and Schneider (2020) describe those effects as a pattern of divergence from the previously high quality of relationships.

There are other possible weaknesses of German Mittelstand firms versus established large-scale enterprises. Fackler, Schnabel, & Wagner (2013) suggest that possible causes could be learning curve effects, economies of scale or scope and also problematic access to financial markets and especially bureaucracy and disadvantages arising from the location of the firm. Schindele & Weyh (2011) suggest that empirical research could explore these potential problems, as there is a lack of extant knowledge. Welter, Bijedic, Brink & Kriwoluzky (2014) highlight difficulties in getting access to financial markets to raise new capital, bureaucracy and over-regulation by government and finding, recruiting and retaining suitable employees as major challenges for German Mittelstand firms.

2.8.3 The German Mittelstand and internationalisation – a conclusion

Lehrer et al. showed that there are many advantages to internationalisation but as well there are multiple risks and threats. As a result it means that such German Mittelstand firms are checking constantly the status quo and assuring that their strengths are at the highest level possible, being a leader in a niche and to overlap risks and having and keeping a competitive advantage and finally serving the customer with an exceptional service, product or service (Lehrer & Schmid, 2022; Simon,

1992, 2009). Orton-Jones (2013) validates as identified attributes like passion, focus and commitment can be seen as fundamental descriptions which form a solid base for internationally successful German Mittelstand firms (Orton-Jones, 2013). Gharpure (2011) contributes by all focus and narrowing towards new and international markets, dedication especially towards the customer is key of success in an internationalisation process (Gharpure, 2011).

Pros/critical success factors of German Mittelstand firms` internationalisation (summary):

- Financial solidity.
- German engineering and Made in Germany.
- Strong and sustained emphasis on innovation.
- Strong focus on the customer in the target country.
- Investment in other stakeholders (e.g. partners, intermediaries, local employees, etc.).
- Intensive training/education of own employees (80%+).
- Entrepreneurial behaviour & long-term approach.
- Governmental support.
- Community embeddedness.
- Knowledge and experience of internationalisation.
- Long-term orientation and 'patient' investment.

<u>Cons/negative critical success factors and challenges facing German Mittelstand firms (summary):</u>

- Bureaucracy (tax, legislation, salaries, regulation etc.).
- Higher costs than many global competitors.
- Recruitment challenges (finding, getting, motivating and keeping the right people).
- Limited pool of long-term employees & owner-managers.
- Limited non-human resources compared with some global competitors.

The summary above highlights a number of relevant factors above which can be found in the literature of German Mittelstand internationalisation and have been discussed in the preceding sections. Without doubt, some major challenges do exist. Uhlaner, Matser, Berent-Braun & Flören (2015) question the role of other factors, such as trust or the individual vision of owner-managers, which have scarcely been investigated.

2.9 Country of origin effects and the ´Made in Germany` label

Usunier (2006) confirms that it has long been recognised that the country of origin of goods, services and businesses may have an influence on the perceptions and preferences of buyers and other stakeholders. These perceptions and preferences are often rooted in stereotypes about the source country and may be persistent and very powerful but on the other hand they may change markedly over time. Usunier and Lee (2012) provide the example that right up until the 1960s, Japan's reputation in western Europe as a supplier of technology-based goods was very low but this changed rapidly as Japanese-made cars, motorcycles and consumer electronics began to carve out substantial market shares and people began to radically change their views on the quality of Japanese goods.

Audretsch and Lehmann (2016) suggest that `Made in Germany´ lost its glamour during the 1990s to the 2000s but nowadays the picture is different: `Made in Germany´ has resurged. In general, Germany avoided mass production that is focused on cost-reduction and left this to the Chinese; however, many machine tools that are used in China come from German manufacturers. In recent years German products are be seen as champions on the global scale. A specificity is the ´Standortpolitik`, which means for a dedicated region (region, city or state) local strategies are implemented to assure and maintain a strong performance in economic terms. Germany has always maintained a high degree of productivity, in the sense of production costs per working hours, while other countries have failed to keep pace, so Germany has come to be seen as one of the most productive countries on a global level. Labour costs are very high in Germany, but the relevant fact is the `quality of labour´ which one can find in manufacturing. It can be argued that, over the years, the relatively modest wage increases in Germany paired with the high productivity are a fundamental basis of success, which provides competitive advantage on a global level. The sustaining of high quality levels also derives from the traditional German apprenticeship programs and vocational training systems, which also gives manufacturing firms an advantage in recruiting the right people and maximising efficiency through that human capital. In Germany there is an established tradition of a separation between working times in firms and family lives, meaning there a higher degree of work-life balance than in other countries, especially compared with the USA.

Manufacturing and innovation can be seen in Germany as complements, with knowledge and innovation as key drivers of the international success of the German Mittelstand firms.

Gornig (2017) mentions that for many years Germany has had a positive reputation for manufactured goods and engineering quality. This has a long history and may have played a significant role in the rapid rise of German exports during the nineteenth century. This had an interesting side-effect in the UK, which increasingly saw the German economy as a potentially dangerous competitor. On the 23rd of August 1887 the British parliament officially advised the country that the `Made in Germany´ quality seal was intended to be a warning of for the British people of low quality. While it is true that at that time the quality of German products was not consistently of high quality, successful efforts were made to achieve defined standards during the twentieth century. Particularly during the aftermath of the 2nd World War, the `Made in Germany´ label became a significant contributor to the rise in German exports and the 'economic miracle' known in German as the `Wirtschaftswunder´.

There are several values which are focused on by owner-managers and are relevant to the connotation of the `Made in Germany´. Hildebrandt and Neumüller (2018) suggest that owner-managers have maintained and focused on these values over decades, ensuring that the firm stands on solid pillars with a clear objective for a successful future. Those long-term perspectives are crucial and the values have to be lived by those owner-managers because it is based on the desire for continuity, stability and solidity.

Mühlbauer (2018) argues that the label of `Made in Germany´ can be used as long as relevant elements and relevant characteristics of the products, from the value perceptions of customers are produced in Germany. It does not mean that an entire process from the planning of production through to completion need to be fulfilled in Germany; it can be stated that customers equate a `Made in Germany´ with a high technical level and also a higher quality standard. The relevant word is `significant´ in the eyes of a customer for being permitted to use a Made in Germany seal.

2.10 Success factors and critical success factors

The notion of 'success factors', in the sense of the elements of a project that are most important to its successful implementation, has a long history in management theory, dating back to a seminal

article in the Harvard Business Review in 1961 by D. Ronald Daniel of McKinsey and Co. (Daniel, 1961). It is significant that this article was titled Management Information Crisis, as it was representative of a new focus on the measurement of outcomes and measurability itself in the early post-WW2 period that also saw the popularisation of concepts such as 'Management by Objectives' (Drucker, 2005) and a rise in the perceived importance of management information that provided rapid feedback on progress towards these success factors.

Daniel's article caused a stir in the academic world and many articles were published in the subsequent years and decades in which the concept of success factors was discussed and developed. A significant contributor to this debate was John Rockart of Massachusetts Institute of Technology, who used the term 'critical success factors' (CSFs) in another much-cited Harvard Business Review article (Rockart, 1979), in which he defined CSFs as 'for any business, the limited number of areas in which results, if they are satisfactory, will ensure successful competitive performance for the organization. They are the few key areas where "things must go right" for the business to flourish' (Rockart, 1979, p. 85). The term 'critical success factors' has since found very wide currency and is now established as an essential element of management terminology that is used internationally, as discussed in 1.4.2 above.

Among other valuable contributions made in subsequent years is that of (Freund, 1988), who discussed the challenges surrounding the formulation of CSFs and provided a useful shortlist of their essential design characteristics as follows:

- Important to achieving overall corporate goals and objectives.
- Measurable and controllable by the organization to which they apply.
- Relatively few in number—not everything can be critical.
- Expressed as things that must be done—not the end point of the process.
- Applicable to all companies in the industry with similar objectives and strategies.
- Hierarchical in nature—some CSFs will pertain to the overall company, while others will be more narrowly focused in one functional area.

(Freund, 1988, p. 20).

Freund also warns his readers that it is important not to confuse CSFs with 'key performance indicators' or broader objectives. This is an important point, as CSFs are only meaningful when they are specific to a definable 'project', such as the development of a new international market, rather than simply a favourable outcome for the organisation as a whole.

Since the early decades of the development of the concept of critical success factors, the field has proliferated to the extent that keyword searches by the researcher resulted in numbers of hits in the millions. During the last 30 years, the concept has been applied to research in many different contexts beyond large organisations in the USA and other developed countries, which were the focus of the 'CSF pioneers' introduced above. It is beyond the scope of this thesis to review this literature in depth but the extension of research interest to the world of SMEs is of particular relevance, so two examples of more recent research are briefly discussed below.

In her article, (Zieba, 2014) analysed CSFs for a possible implementation in SMEs in the specific market of knowledge-intensive business services. The author adopted an exploratory approach, interviewing 8 SME owner-managers. A key finding of her research, and one that resonates with those of this research, was that among the most important CSFs identified by the owner-managers were those that were linked to human resources, in particular expertise in knowledge management. Zieba also concluded that the 'interlocking' of owner-managers and their employees, in terms of closeness and trust in the relationships, was very important for success.

The aim of the study by (Moeuf, Lamouri, Pellerin, Tamayo-Giraldo, & Tobon-Valencia, 2020) was to analyse the CSFs that related to the implementation of Industry 4.0 and industrial performance by SMEs. A key finding was that a lack of knowledge-related expertise and short-term goals in implementation tended to jeopardise the attainment of goals. Another relevant finding of particular relevance to this research project, was that the attributes and behaviours of owner-managers tended to be critical to successful implementation.

2.11 Conclusion to the literature review

2.11.1 Introduction

In this section, the literature review will be rounded off with a discussion of the limitations in current knowledge highlighted by the review and a summary of the most salient and useful concepts and

frameworks that were taken forward to inform the methodology and data analysis, which then form the content of the subsequent chapters.

2.11.2 Limitations of existing knowledge

The literature shows that there are numerous gaps in extant knowledge that are of relevance for the research topic.

1. There are few in-depth studies of German Mittelstand internationalisation. Schweizer (2012) points out that it is limited of it concerns the question of how and why decisions about internationalisation and its extension are made, especially for the German Mittelstand. There are numerous positive attributes of German Mittelstand firms, which provide options for market selection, entry mode and other internationalisation decisions. Concerning the market entry mode, a lot of researchers focus on this topic but Shaver (2013) makes the criticism that too much research on this topic is artificially constraining research, limiting the broader perspective and a holistic orientation. He questions whether more research in this area of entry mode is needed and argues that it is not contributing to much more knowledge in this field. Among other authors, Hennart and Slangen (2015) recommend that researchers should adopt a stronger focus towards exploratory rather explanatory research design, adding that there is a lack of knowledge about how the internationalisation decisions of owner-managers and entrepreneurs are made. Berlemann & Jahn (2016), as well as Boyd (2010) and Eddleston, Kellermanns & Sarathy (2008) highlight the importance of intangible characteristics such as commitment and the personal identification of owner-managers to internationalisation success.

   Schenkenhofer (2022) suggests that much knowledge about Hidden Champions can also be transferred from German Mittelstand firms, because most of Hidden champions are part of the German Mittelstand. McDonald, Krause, Schmengler & Tüselmann (2003) argue that those Mittelstand firms are successful while implementing their strategies cautiously. The authors conclude that further investigation of the significance of the role of owner-managers and their specific effects is recommended, with a particular focus on internationalisation. Child & Hsieh (2014) come to the conclusion that a `nexus between decision mode, information and network attachment concerning the international perspective appears not

to have been previously articulated by scholars´ and that international experience and knowledge and the question of ownership should be investigated. Fernández and Nieto (2006) mentions that family firms with a more conservative culture and being risk-averse, might tend to a more reactive mode concerning decisions for internationalisation.

2. Uhlaner et al. (2015) point towards the role and influence of owner-managers in internationalisation as a topic worthy of more research. They also highlight the link between family ownership in the German Mittelstand and successful internationalisation, trust and the personal vision of owner-managers as topics that need more research. Hsu, Chen & Cheng (2013) and (Hsu et al., 2013; Nielsen & Nielsen, 2011) show that the personal characteristics of owner-managers and their role play an important part in, and influences the direction of, internationalisation but ask for more research. Morais and Ferreira (2020) suggest future research concerning internationalisation processes, specific factors and international approaches aligned with performances, as well as the strategic role of owner-managers in internationalisation. Johanson (2020) points out that their model can be improved by identifying the `psychological characteristics of managers´ and their impact on internationalisation. Johanson & Wiedersheim-Paul (2017) and Karami, Wooliscroft & McNeill (2020) add that the involved actors and drivers of a firm are of great interest for internationalisation, as are networks. Coviello (2015) and (Coviello, 2015; Jones & Coviello, 2005) stress that there is little knowledge about the individual owner-managers, which is of great relevance to a firm`s internationalisation and also ask for a richer understanding of such individuals and that the understanding of entrepreneurs, behaviour and participation in internationalisation is of great interest. Sarasvathy, Kumar, York & Bhagavatula (2014) characterise the entrepreneur as a kind of package of knowledge, networks and identity but point out that a greater understanding of these issues may lead to answers to the questions speed and mechanisms of internationalisation. Coviello (2015) identifies a missing but necessary focus on reaching a better and deeper understanding of the characteristics and qualities of entrepreneurs recommending more focus towards psychology-related characteristics. Zander, McDougall-Covin & Rose (2015) state that questions remain unanswered concerning the role and contribution of entrepreneurs. Kuivalainen, Sundqvist

& Servais (2007) observe that entrepreneurial behaviour has a substantial effect and there is room for further investigations.

3. Made in Germany: Usunier (2006) and Usunier & Lee (2012) confirm that there is little relevant and current knowledge about this specific phenomenon, as country-of-origin branding is something of a neglected topic in the academic literature. To confirm this assertion, the researcher conducted literature searches using 'Made in Germany' as a search term but this revealed remarkable little in terms of results. Audretsch and Lehmann (2018) argue that the label `Made in Germany´ did indeed lose its glamour during the 1990s and the early 2000s but that nowadays its reputation has recovered and `Made in Germany´ has regained its prestige and needs further investigation.
4. Paucity of interview-based research: Ughetto (2016) points out that experiences of internationalisation by owner-managers who might have led already other firms and having learned from those experiences, are of great value and are also relevant for learning from best practice for the German Mittelstand on a qualitative level. Chhotray et al. (2018) explore in their study the role of leadership and as well the vision and empowerment. It is recommendable of approaching a leadership style which fosters the recognition of those employees. Autonomy of employees leads towards and contributes towards the success of a firm in the internationalisation process. The researchers emphasise the need for future research into depth of qualitative direction. An egalitarian leadership style is a relevant base for future success of an international firm. Employees appreciated the trust which they received from the entrepreneur and/or the managers. A lot of research has been realised by other scholars about large enterprises. The researchers emphasise on future research into the antecedents of a firm but as well of special interest, into the factors which are influencing the direction and strategic direction of firms. Those strategic orientations of qualitative importance are majorly of interest and would provide from a qualitative approach a better understanding of entrepreneurs (Evers, Gliga, & Rialp-Criado, 2019). Hagen and Zucchella (2014) argue that, alongside other important factors, the contribution of the entrepreneur and the management team to successful internationalisation is particularly relevant . The firm`s success and direction are to build an ecosystem which is beyond its customers. Tanev

(2012) adds as a possible question for future research whether there any differences of owner/ownership of born-global and not born-global firms.

2.11.3 Concepts and frameworks that have informed the research

The literature confirmed to the researcher that there are significant gaps in the literature concerning the role of owner-managers in the internationalisation of German Mittelstand firms.

What most helped the researcher to clarify the research aim and questions was the surprisingly strong interest of researchers in the behavioural characteristics of owner-managers and their roles in driving internationalisation and the number of recommendations for more research into this topic. What are the real secrets of success on the part of those owner-managers and precisely what are those `personal hidden added values´ referred to by some researchers? On the other hand, it was demonstrated throughout this chapter that there is a wealth of literature which depicts other aspects of internationalisation processes, some of which were very useful in the interpretation of the interview data.

One of those is the voluminous scale of the literature concerning the incremental approach to internationalisation (stage theory/the Uppsala Model) and the born-global approach. In the opinion of the researcher it seemed possible that elements of both approaches might appear in the research data, even in the historical development of a single firm. The subsequent analysis showed that in the main sample of Mittelstand firms incremental approaches were followed by all firms but there was at least one firm where idiosyncratic aspects of a born-global approach were apparent.

The concept of strategic discipline, although recently developed by Lehrer and Schmid (2020) seemed to be of significant potential value when first met by the researcher and indeed proved to be particularly useful in the analysis and interpretation of the research data. Its value was that it provided a new 'organising label' for aspects of Mittelstand firms' and owner-managers' behaviour that helped to integrate and explain the strategies that they applied to innovation and the decisions that they made during implementation. At the macro level, the concept also helps to legitimate claims that the German Mittelstand is unique in the world and provides several relevant examples of characteristics that differentiate German firms from those in other countries, and at least begins to explain the lack of success of attempts to replicate the Mittelstand concept in other countries.

The unexpected finding that every owner-manager in the sample mentioned the `Made in Germany´ label as critical success factor in their firm's internationalisation was an exception, in that the researcher was not at all prepared for this by the literature review. This required him to revisit the literature of country-of-origin branding and its effects, which was described by some authors as a 'neglected topic', which was borne out by the interview data. Although the decline of interest in this topic was fairly well documented, the reason for this decline was not adequately explained in the literature and this finding suggests that it is still a relevant concept after all.

A powerful message from the literature as a whole is that internationalisation is not an easy game – it is an extremely complex task. This truth was of value to the research in many ways. First, it ensured that every firm's history of internationalisation was complex, unique and full of challenges, some which was accessible within the accounts provided by the sample owner-managers. In turn, this knowledge informed the research design, the choice of data collection technique and the interview guide. At the individual level, it ensured that every owner-manager had plenty to say and to reflect on openly concerning the challenges of internationalisation.

What also helped with the design of the interview guide and the conduct of the interviews was the insight that there are multiple specific parameters of success, many of them subjective. The researcher has learned through his career experience that there are more issues of relevance to successful internationalisation than those that have been fully explored by research. 'Real-time reflection' of the researcher paired with his knowledge derived from the literature review enabled the researcher to be very focused before, during and after the interviews with the Mittelstand owner-managers. As the reader will see in chapter 3, this is a reason why the researcher ultimately decided on semi-structured interviews for the data collection. The researcher tried to keep the interview questions on a general level but was also able to guide owner-managers during the interviews to reveal more of their own experiences and reflections on specific challenges that they and their firms had experienced.

Chapter 3: Methodology

3.1 Introduction

The methodology chapter begins with an exploration and justification of the researcher's chosen research philosophy. This refers to the ways in which the researcher thinks about the research: what he is trying to achieve in terms of the knowledge outcomes, the nature of the phenomena that are being studied and the implications of this for the design of the study and its implementation.

This is followed by a consideration of an appropriate strategy and design for the research, as well as a justification of the decisions and choices that shaped the research. The choice of data collection technique is then discussed and justified and the development of the technique its and practical implementation are explained. The sampling strategy is then introduced, discussed and justified and the recruitment of the sample is explained.

The issue of data quality is addressed and the approaches adopted to its assurance are explained. The various elements and stages of the data analysis process are discussed and critically evaluated. Finally, the research is reviewed as a whole and the ethical issues raised by it are identified and discussed, as are the steps taken to mitigate ethical risks.

3.2 Philosophical issues that underpin the research

It seems appropriate to begin this section with a quotation from Plato:

> *`What we shall see is something like a battle of gods and giants going on between them over their quarrel about reality´. (Plato, 246 BCE).*

The reason for the quotation's relevance is that every research project should begin with a quarrel about reality in the form of an in-depth consideration by a researcher of the 'reality' that he or she is setting out to explore.

One category of philosophical issue is the ontological standpoint of the researcher: how they see the world and their beliefs about the phenomena they are setting out to research. Another is their epistemological perspective: given their ontological standpoint, the researcher's view about the creation of knowledge regarding those phenomena. Guidance from the literature will be explored

during this section, together with a deeper exploration of the relationship between philosophical and methodological standpoints and the creation of knowledge and enhancing of understanding. (Denzin & Lincoln, 2011; Guba & Lincoln, 1994; Moses & Knutsen, 2019).

Grix (2019) divides these fundamental philosophical issues into two questions. The first is the ´What`, referring to the phenomena that are the object of the research and the ontological questions about their nature. The characteristics of the 'what' – its/their nature, numbers, diversity, and so on must be considered before the 'How' question can be addressed: the epistemological question about knowledge about those phenomena can be created and enhanced.

Alghamdi et al. see that ontology can be described what researchers are assuming about reality, as well how it looks like in reality. Epistemology is about the creation of knowledge and how this understood in the social reality (Alghamdi, 2015; Easterby-Smith, Thorpe, & Jackson, 2012). To receive a holistic approach underpinned.

After having a depth view into the phenomena under study and the research philosophy, the third part displays the area of the research design. It includes the areas of methodology: towards quantitative or qualitative research to acquire knowledge. It includes the chosen method as well the consideration of sources, which data are available and can be considered. Finally, to come up with the question and possibilities of ´how` data can be collected and used. This all shapes and outlines the research design.

Moses & Knutsen, 2019 mentioning on the book's first page:

`Beneath any given research design and choice of methods lies a researcher`s (often implicit) understanding of the nature of the world and how it should be studied´ (Moses & Knutsen, 2019, p.1). That allows a researcher asking relevant questions towards truth, as well certainty and finally objectivity. Asking/Confronting the researcher of the ontological perspective: `What is the world really made of´? and the epistemological perspective: `What is knowledge´.

3.2.1 The phenomena under study

The core phenomena under study are the experiences, beliefs and attitudes of owner-managers of Mittelstand firms that have achieved a substantial proportion of their revenues from international

markets. More specifically, the study sets out to explore these phenomena with a focus on internationalisation.

As discussed in the previous chapter, Mittelstand owner-managers tend to have a strong active participation in the internationalisation processes of their firms. This was confirmed by the three exploratory interviews carried out by the researcher, which revealed that each of the owner-managers interviewed expressed strong views that were based on substantial personal experience and from growing up within both the firm and the owning family. Moreover, the accounts of the Mittelstand owner-managers were very personal and subjective in nature.

3.2.2 Ontological issues

Given the conclusion that the phenomena under study are the subjectively-held views of owner-managers: the researcher`s approach is to explore and interpret realised salient experiences and leadership roles as well as preferred strategies of owner-managers of German Mittelstand firms involved in an internationalisation process. Within that the subjectivity of owner-managers is high. The core phenomena are attitudes, how owner-managers feel, think and act. The focus here is on their perceptions, beliefs and world views. This has important implications for the researcher and for the research design.

Ontology takes assumptions concerning the nature of reality into consideration and requires a researcher to consider how they see the world and what the world is made of, in particular the phenomena that are the object of his or her research. Easterby-Smith, Jaspersen, Thorpe & Valizade (2021) stress that it is important for the researcher to go deeper in answering this question and examine the basis of his or her own perspectives and position regarding the phenomena that they are researching, as well as their own predispositions in thinking about reality. Different ways of considering ‘reality’ are illustrated in Table 3.

Ontology	Realism	Relativism
Truth	Single truth Objective Static	Multiple `truths´ Subjective Dynamic
Facts	Existence of facts.	Depending on viewpoint of observer = facts.

Table 3: Reality: Ontological views of realism vs. relativism; source: adapted from (Easterby-Smith, Jaspersen, Thorpe, & Valizade, 2021)

Realism: Here it is assumed that in this realm it is possible to observe phenomena. It is considered that they are static, rather than unchangeable, and that it is external to the researcher. Sarantakos and Scotland (2012) speak about independent existence and each object can be seen like this in an external reality.

Relativism: Scotland (2012) mentions that reality is produced by social phenomena and that individuals have produced it and that those ones may differ in their opinions and meanings. Researchers from the relativism realm see several different constructed truths possible; having even a validity at the same time. It has a focus in the perspective of the involved individuals. How are those experiencing a situational context.

The data of the realised interviews have shown that there is an enormous impact of engagement and commitment of the owner-managers. Also taking the personal experiences of the researcher during those 17 interviews into consideration, it is clear that this engagement is socially constructed. The researcher and the interviewees have had talks on very emotional and personal topics and beliefs and social interactions shaped the view of reality and showing a direction to understand deeply the complexity and thoughts and feelings. The researcher`s personal view of the world matters, and its own central orientation of interpersonal differences and subjective interpretation attracted him towards this research. Coming from that perspective that reality is produced through several subjective and individual views of participants. And the fact that views of reality have to be interpreted, the researcher feels more comfortable with the perspective of relativism as an ontological standpoint (Easterby-Smith et al., 2021; Killam, 2013).

3.2.3 Epistemological issues

Whereas ontological issues focus on the nature of the phenomena that are the focus of a study, epistemology focuses on the origin and creation of knowledge (Blackburn, 2014).

Easterby-Smith et al. (2021) add it deals and clarifies assumptions of researchers, about enquiry of nature in the social realm and investigating the reality. Which are research phenomena in the social world. It is concerning the nature of truth and is looking into the realm of researchers how they perceive the meaning and experience. With such base conditions a researcher can judge whether a situation or fact is true. Blackburn (2014) confirms by experiencing and exploring a situation, to describe and interpret and finally to come up with a conclusion.

Research is aiming for description: a positivist would strive into the direction of explanations and a constructivist is exploring situations or facts. Bell (2012) acknowledges the ontology assumptions and standpoints are a constraint for the epistemological perspective for the answers that will emerge from those.

In the realm of epistemology, the focus is for questioning the acceptable knowledge which is centred into an individual discipline. How is finally knowledge produced and how do researchers become wise. For the area of business and management studies, it is producing valid knowledge. In this realm there are several epistemologies legitimately permitted. Saunders et al. (2019) validate a differentiation between the subjective (ontological standpoint, relativist) and the objective (ontological standpoint, realist) views (Saunders, Lewis, & Thornhill, 2019).

Guba and Lincoln (1994) mention that from a subjective view of researchers, findings are produced due the fact of creation of the researcher and the interaction with the interviewees in this specific context. The researcher is receiving and perceiving knowledge about social reality by interpreting perspectives and views and subjectively opinions by the owner-managers (Guba & Lincoln, 1994). Constructionism and constructivism are sometimes synonymously used for interpretivism. But those two terms come from two different realms:

- Constructionism: realm of sociology.
- Constructivism: realm of psychology.

However, Berger and Luckmann (2011) contest this with the same meaning: finding reality through creation and interaction of people (Berger & Luckmann, 2011).

Guba and Lincoln (1994) suggest that, from an objective perspective, there is a differentiated distance between the view of a researcher and the researched objective. This eliminates bias. A norming of procedures are valid and are leading towards the possibility of replication of findings.

Aliyu et al. underpin the severe point for the researcher`s perspective is the direct, subjective exchange between the owner-managers and the interviewer where the researcher is interpreting opinions, gestures, attitudes which are certain under this specific situation (Aliyu, Bello, Kasim, & Martin, 2014; Guba & Lincoln, 1994).

Sarantakos (2012) affirms the here discussed realm of epistemology and the ontology section are important facets and are shaping a proper base for the research and further development of the methodology, focusing afterwards into the research design and its detail methods.

In the context of research questions and the perceived salient experiences by owner-managers with respect to the internationalisation processes of their businesses and respectively their appropriate strategies and leadership in combination with the exploration of the researcher in relation with the views, opinions, etc. of the interviewees, a deep understanding and interpretations of situations and their mentioned views is needed. And leads the researcher through observation and interpretation towards a subjective epistemology. Bell et al. confirm this interpretivist realm of the epistemological perspective goes hand in hand with the chosen perspective of relativism. Interpretivism is accepting that through interpreting means, through those close interchanging talks and perspectives, through opinions of interviewees and the researcher, one can find useful, knowledgeable and trustful data of the phenomena (Bell, 2022; Easterby-Smith et al., 2021).

3.2.4 Journey

The researcher´s intention is to generate data by using semi-structured interviews. The researcher believes that this will be the best way to generate “exploratory” and “explanatory” findings (Saunders et al., 2019). The semi-structured interview is well suited for small-scale research projects. It combines the positive elements of both the structured and the unstructured interview. An interview schedule was prepared, based on issues from the literature and the initial three pilot

interviews, to provide a framework for the interview but flexibility will be exercised to follow up ideas that are considered important by the interviewees. The interviews were recorded, given the permission of the interviewees. Field notes were also taken to accompany the interviews (Bryman, 2016). By choosing semi-structured interviews the researcher expects to generate valuable data by interacting directly with business owner-managers. The interview focus is their ideas, thoughts, feelings, perceptions, actions and interventions in the approach of an internationalization process. The three conducted pilot interviews, one in his own organisation (itself an owner-managed Mittelstand firm with substantial international sales) and with two other international active friendly firms paved the way, consideration of questions and behaviour of the researcher for the upcoming interviews and reflected as well, that the researcher had to be more rigorous during the semi-structured interviews to guide himself and focus and bring back the owner-managers and to be well prepared for the fieldwork. Afterwards the series of 17 in-depth interviews were comprised with owner-managers of Mittelstand SMEs. Owner-managers from various industries of the German Mittelstand acted as respondents. Each interviewee has had at least five years of experience of business owner-management and be internationally active in a minimum 4 countries. The researcher approached possible interviewees purposively (criterion sampling) via his own extensive network of businesses and in cooperation with the FBN Deutschland (a family business network: www.fbn-deutschland.de). The amount of realized interviews was known in the beginning of this series; the interviewing continued until data saturation was achieved (Bloomberg & Volpe, 2019). The recorded interviews (in German language) were translated and transcribed by the researcher and were saved as Word documents. In total there were more than 1.200 minutes of interviews time recorded. The interview guide may be found in Appendix 1.

3.3 Research strategy and design

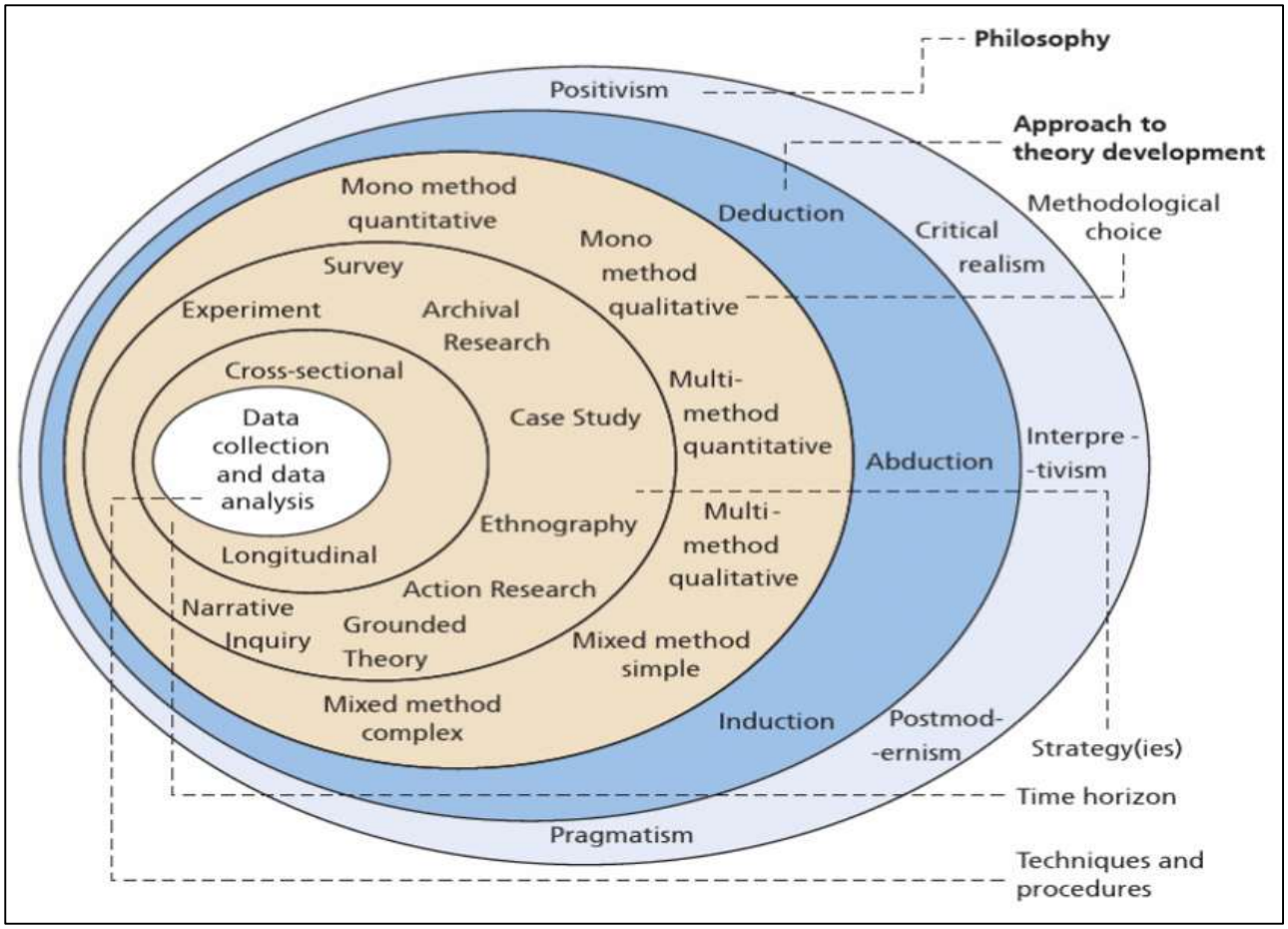


Figure 3: The `Research Onion´; source: adapted from (Saunders et al., 2019), p. 130.

The research onion by Saunders et al. (2019) is a really helpful view of depicting to understand research philosophy and possible approaches to theory findings.

The outer layer describes research philosophy and focuses towards assumptions and beliefs. In finding development of knowledge. Focus is towards ontology and epistemology. Those views are part of section 3.2. There are several different paradigms in business research available and due to the choice by the researcher as interpretivism as the philosophical stance three major standpoints will be depicted below. As presented already in section 3.2, interpretivism and positivism have two totally different perspectives, which can be recognised towards the epistemological and ontological stance. Easterby-Smith et al. confirm that pragmatism considers parts out of both perspectives (interpretivism and positivism) (Easterby-Smith et al., 2021; Moses & Knutsen, 2019; Saunders et al., 2019).

Those three major paradigms are concisely depicted:

Positivism:

Positivism can be seen from an ontology stance in realism. From an epistemological stance it is that of objectivism. The phenomena and the researcher are seen as individual and not dependent entities. There is a preference by positivists into the quantitative realm. With a focus to find out differences between inputs and outputs by not losing facts. Focus is as well to test hypotheses and come normally from a deductive, from general to particular, perspective. Lincoln and others show that experiments and surveys can often be found when doing data collection. As well questionnaires (Lincoln, Lynham, & Guba, 2011; Saunders et al., 2019; Scotland, 2012).

Pragmatism:

Baard et al. mention that the paradigm of pragmatism and interventionism comes from the realm of action research. There is no clear orientation concerning the perspective of ontology. Depending on the goal there is more an opportunity to choose between relativism and realism. From an epistemological stance, there shall be the direction that there is a practical and theoretical match. Ultimately a researcher might either make use of a subjective or objective approach depending on the goal and what suits best. From a methodological perspective either a qualitative or a quantitative approach might suit depending on the goal and orientation. But there exists criticism towards possible gaps in the theoretical base (Baard & Dumay, 2020; Jönsson & Lukka, 2005; Saunders et al., 2019).

Interpretivism:

Bryman et al. validate in that paradigm, relativism can be identified from the ontological stance. The epistemological part (subjectivity) derives from that view. In that perspective and through the complex and deep interaction between the owner-managers and the researcher, understanding and as well interpretation can be explored. Because researchers tend to interpret the results, learnings and ultimately learnings in the social world and finding patterns, from a methodological perspective, a qualitative path is preferred and selected. Within that it is suitable for a smaller amount of sample and/or usage of focus groups, interviews are widely accepted. Reaching those understandings, it is for the approach of receiving a good and in-depth picture about owner-managers and their feelings

and motivations, the interpretivist approach is key (Bryman, 2012; Guba & Lincoln, 1994; Lincoln et al., 2011; Moses & Knutsen, 2019).

For the researcher and being active in a social world, situations and as well interviews are complex. A positivist approach is not suitable for the usage of the intense and complex situation with owner-managers. There is the goal by the researcher of getting a deep understanding of the situation, believes and understandings of those managers. And it was elaborated that the positivistic approach is not suitable. A pragmatist researcher would try to step in and try to improve that researched phenomenon. The researcher is not focusing to change something, the goal is of getting a deep understanding and because of that, mingling between paradigms seems not to be suitable and might risk as well the thoroughness. Within the goal of understanding and interpreting the social world and receiving an in-depth perception, the stance of interpretivism will guide the researcher during his journey.

In the **second layer** the researcher follows an inductive approach to theory development. There are three major directions: An inductive, an abductive and a deductive approach.

Saunders et al. (2019) show that an abductive approach would rather mean that the researcher begins with a not expected finding and that in further development of the research that will be followed (Saunders et al., 2019).

May (2011) shows that a deductive approach means that theory development starts from a theoretical point of view; existing questions which permit answers like Yes or No. Testing theory under the proof if they are correct or false. In that case it can be stated that research follows theory (May, 2011). Bryman and Bell (2011) mention that in that case a researcher is starting from hypotheses and tries to proof or not to proof. With findings in data such hypotheses can either be underpinned or disagreed which finally might lead to a modification or revision to theory (Bryman & Bell, 2011). May (2011) rises a critical remark that it might be stated that there are limitations concerning the perspective of social stance, because the researcher is constricted in the field of theoretical stances (May, 2011).

On the other side, the inductive perspective focuses from the particular towards a more general approach. A view like a journey of exploring the focused subject and environment. Bryman (2016)

and May (2011) mention that in comparison towards the paragraph described before, meaning theory follows research. The considered phenomenon shall help here to approach and develop theories rather than from the contrary perspective, testing hypotheses. For the researcher himself that means that during the process of his academic journey and the exploration of the phenomenon, he can develop ideas and allowing a certain freedom of flexibility to discover (Bryman, 2016; May, 2011). Silverman (2017) questions if there exists critical views that those outcomes of researched phenomenon with an inductive approach might be a bit sloppy (Silverman, 2017).

In the perspective of the researcher an inductive approach suits the researcher´s interpretivist stance and the expectations of exploring high valuable data, will evolve in contributing into relevant findings. By observing patterns of owner-managers during interviews and having the freedom of exploring the thoughts and feelings concerning the internationalisation processes and developments of owner-managers´ firms, this will lead to valuable outcomes. As presented in the literature review, there is lack concerning the owner-manager perspective in the German Mittelstand concerning exploration, experiencing and possible aspects of leadership for internationalisation. Due to this it is an appropriate direction coming from an inductive approach which will conclude in a conceptual framework.

Layer 3 of the `research onion´ depicts the form of the methodological choice. Bryman et al. show that a researcher has in this layer options by choosing between quantitative, qualitative and mixed-methods. Taking the ontological and the epistemological standpoint of the researcher into consideration, following an interpretivist approach and targeting a deep understanding of owner-managers behaviours and roles for internationalisation, the choice of a qualitative direction underlines its justification (Bryman, 2016; Creswell & Creswell, 2018).

Coming from a none-positivist stance and being in the realm of qualitative data, inductive approaches lead to developing theories and/or verifying those. Saunders et al. (2019) point out that often it implies that a researcher is taking a proactive role in generating data and being actively involved in the inductive process (Saunders et al., 2019). The researcher is developing theory and the researcher of this thesis can profit from this and develops during his own ´doctoral journey`.

Creswell et al. (2018) demonstrate that on the opposite quantitative research is looking for testing theoretical norms and focusing to generalise and testing those. Often structured approaches are been used in order to proof or not to proof statements/hypotheses (Creswell & Creswell, 2018).

In between exists the mixed-method approach. Saunders et al. show the philosophical orientation can typically be found in pragmatism and interventionism. Either it is an inductive or deductive approach, it is oriented in a real-world realm. From research strategy it is rather concurrent. There might be a tendency either towards the direction of a qualitative or an quantitative direction, depending on the focus of a research (Saunders et al., 2019).

Silverman (2010) asks critically that for an inductive approach that there could be an unfocused research (Silverman, 2010). The researcher adds two relevant points against this:

The inductive qualitative approach is suitable considering the aim of the research; especially views, attitudes and behaviours of owner-managers are core and will pave the understanding and their roles and contribution within internationalization.

Saunders et al. (2019) have attested and as literature review has shown that little evidence does exist and by using and building an inductive approach this is appreciated in qualitative research where the focus is on conceptual work (Saunders et al., 2019).

The final direction and decision of a qualitative approach can be found in the research questions and finally the chosen methodological qualitative approach. Aim is to reduce complexity in this social world and get a deeper and richer understanding of those attitudes of owner-managers and coming up with a conceptual framework.

Layer 4 consciously deals with possible strategies. Gray (2022) states that coming from a qualitative approach, interviewing is one of those possible options. The researcher explores a specific topic within the realm of owner-managers in the German Mittelstand (Gray, 2022). Due to the fact that the researcher planned of spending several hours and interact with owner-managers at their premises, semi-structured interviews are used. There is the focus on understanding their attitudes in-depth and the owners' doings and there is rather little evidence coming from literature review, reasoning in this specific niche and for an exploratory approach. Creswell et al. (2018) mention that

in the research questions there might be words asking for the `What´ and/or for the `How´ (Creswell & Creswell, 2018).

Gray et al. acknowledge that in comparison neither it is not a descriptive approach by focusing on a specific situation and tries to describe a specific situation. Nor it can be directed into an explanatory direction which focuses toward connections of specific variables (Gray, 2022; Saunders et al., 2019).

The focus of this study: gaining an in-depth understanding of those owner-managers of the German Mittelstand. A specific aim of resulting in a rich understanding and providing enhancement towards theoretical knowledge. Because of this the outcome is a clear direction of exploratory nature.

During the research design **layer 5** deals with the time horizon. It differentiates between a cross-sectional and a longitudinal approach. The cross-sectional one focuses on a shorter time frame and grasping a momentum, rather the longitudinal orientates towards a longer period taking also developments during such periods into consideration.

In this thesis a cross-sectional approach is followed by the researcher in order to understand owner-managers opinions, attitudes, salient experiences and what kind of strategies and critical success factors play an important part in the internationalisation of German Mittelstand firms. As well for the doctoral journey and being a part-time student, a longitudinal approach is not feasible. Secondly it is more to grasp elements of a moment as snapshots. More than 1200 minutes of interviews were recorded. The objective is to get a deep and proper understanding of those individual moments with owner-managers perspectives. Due to practicalities, it is not realistic of spending more or frequently time together with such owner-managers. Their daily calendars do not allow more time to deal with this topic and the researcher of this thesis. Due to that the researcher followed up with a cross-sectional perspective during the research journey.

Layer 6 depicts the techniques and procedures and focuses into the data collection and data analysis.

Taking the other mentioned layers into consideration the researcher is going to follow a language-based approach. The researcher made use (see section 4.2) of semi-structured interviews for his 17 interviews. Due to the fact that the researcher is focusing into a very specific niche of owner-managers of the German Mittelstand and trying to understand those ladies and gentlemen the

researcher is following the interview approach for a qualitative research. Bryman (2016) underpins that other methods like focus groups (not given because of individual focus and face to face interviews) and observation (like to participate in an interview and seeing owner-managers and discover those explicit interview situation) are not appropriate for the hoped and expected outcome of this inductive approach. Silverman (2017) contests that considering the aim of this thesis to understand the personal motivations of owner-managers of the German Mittelstand and their experiences in the internationalisation the appropriateness for interviews is given. 17 in-depth semi-structured interviews were realised: that leads to a conclusion that a language data approach is the most adequate approach concerning the research project and also allowing the researcher to manage those data as a part-time researcher. Easterby-Smith et al. (2021) point out that language-based approaches are really helpful of receiving the insights and as well the real believes of owner-managers (Easterby-Smith et al., 2021). Bryman (2016) adds that a clear and suitable approach are interviews in order to generate adequate data.

For the reader`s understanding the most common language-based orientated approaches are those of unstructured, semi-structured and structured interviews. In order to gain an in-depth and also critical understanding, the researcher follows the approach of a semi-structured approach. With this choice the researcher has the options of permitting the owner-managers a kind of freedom and as well a comfort situation of those.

Easterby-Smith et al. (2021) substantiate that especially the focus towards owner-managers and allowing on the one hand side a freedom and comfort situation towards those sample owners, on the other hand allowing that several aspects of questions (interview preparations) leading the talk into a constructive direction.

Bryman and Bell (2011) reinforce and the researcher has not followed the approach of unstructured interviews due to the fact that informal interactions were not planned and would not lead to the expected outcome (Bryman & Bell, 2011).

Yin (2014) attests that the semi-structured approach follows a kind of protocol, of being close to relevant questions, which is in the mindset of the interviewer (Yin, 2014).

The interviews were recorded, allowing afterwards a deeper interpretation and giving the chance of working with. The researcher of this thesis asked all interviewees for permission, and all gave their consent of doing so. The interviews took place in German language due to the fact that firstly it was wanted by all owners and secondly of allowing and feeling more comfort during that time during an interview. Afterwards the researcher translated all 17 interviews (word by word) into the English language. As a conclusion for this section the researcher is following the approach:

- There was an exploratory literature review in the beginning.
- There were three pilot interviews.
- There were 17 in-depth semi-structured interviews.

There was an ongoing literature screening and review throughout the whole process of this thesis:

- Analysing the data and keep tracking of the literature segments.
- Looking into gaps and refining those.

Coming from an interpretivist stance and focusing into a qualitative research design, the strategy is clear direction of exploratory nature. Because of that a language-based approach by using semi-structured interviews will be followed.

3.4 Developing the research instrument (the interview guide)

3.4.1 Exploratory interview

At an early stage in the project, the researcher carried out one exploratory interview. The purpose of this was as follows:

- As a feasibility test of the topic, to establish in broad terms whether it would be possible to answer the research questions by means of owner-manager interviews.
- To gain early experience of the reality of interviewing senior owner-managers.
- To gain initial experience of developing and refining an interview structure.
- To gain an initial understanding of the nature of the data that might be collected through personal interviews with owner-managers.
- To gain experience of the interview process, in terms of practicalities.

For the exploratory interview, sampling was of less importance, as long as the interviewee was broadly representative of the owner-managers who would eventually be interviewed in the main data collection. For reasons of convenience, the exploratory interview was carried out with a vice-president within the researcher's employing business.

3.4.2 Pilot interviews

As a further stage of refinement, three pilot interviews were conducted approximately three to four months before the start of the main fieldwork. The pilot sample included three owner-managers, two male and one female, each of whose firms belonged to the German Mittelstand. The three interviewees and their firms were recruited from the researcher's personal network.

These interviews provided the researcher with very valuable experience of testing and refining the interview guide and more broadly in developing appropriate skills for interviewing experienced owner-managers with very crowded work schedules.

One of the most important learning points was that the researcher needed to reduce the number of major questions down to a maximum of ten topics. Initially the researcher had prepared more than 15 questions. But having learnt that the owner-managers would not commit in advance to more than 60 minutes for the interview, more the 15 major questions were clearly too many, particularly when it became evident that each of them generated several other sub-questions during the process of a semi-structured interview.

Another important point to mention was two of the firms were located in the East of Germany and the third in the South, so combining those interviews with intensive business travel was challenging in the extreme. This was a powerful lesson in the scheduling of interviews and the overall timescale of the main fieldwork. It was important to allow time before each interview to prepare for the interview, in doing background research on familiarisation with the firm, with its history, values and aspects of the owning family, as well as anything that could be learned about the respective owner-manager who would be interviewed. Moreover, it was clear that it was important to allow sufficient time after an interview for reflecting on the experience, making notes and also reconsidering facial expressions and gestures made during the interview and evaluating those in the context of the written notes.

This experience led the researcher to plan a hotel stay before the day of the interview for those firms which were more than 250 kilometres from his home. By then, the researcher was aware that when interviewing high-level owner-managers, it is important to recognise you have to be very flexible and may expect to wait for 2 hours before the owner-manager might be available, even when the meeting is planned at an exact time.

Another important learning point for the researcher during those three pilot interviews was to be more rigorous in the manner of asking questions and being more disciplined with himself in the use of valuable interviewing time. That was necessary for assuring that interviewees do not lose track when answering the major relevant questions, providing insights into their beliefs and thoughts during internationalisation. In numerous ways, those pilot interviews were invaluable preparations for the implementation of the main fieldwork.

3.4.3 Developing the interview guide

After the three pilot interviews the researcher reflected carefully and reflected very critically on his ideas, the aim and the objectives of this research. After carefully selecting and reformulating the major questions for the semi-structured interview, the focus questions for the major field work was followed (Appendix 1). As Creswell and Creswell (2018) recommend, those were carefully selected and directed with the knowledge of the literature review. Some of these questions were refined with experience and the broader progress of this doctoral journey, which is both common and legitimate practice.

3.5 Sampling Strategy

This section provides a brief overview of the sampling strategy and to understand the process and in order to assure the researcher that the chosen technique offers a feasible approach of managing big amounts of data (Bryman, 2016; Saunders et al., 2019).

3.5.1 Sample population

Given the aims of this study, the broad sample population is the aggregate of all of the firms of the German Mittelstand and their owner-managers. However, this amounts to several million firms and is too broad for the study, whose focus is on Mittelstand firms with substantial international

experience. More specifically, the core phenomena under research are the experiences and beliefs of the owner-managers of these firms, so the sample must comprise owner-managers who have substantial personal experience of leadership of businesses with established international activities and revenues.

As the sample population is also highly diverse, for example in sector, age and size of firm, a further aim of the sampling was to maintain a degree of diversity in the sample. Accordingly, two levels of sampling criteria were used as discussed below: two quantitative screening criteria (3.5.2) relative to international activity and owner-manager experience and qualitative purposive criteria relative to diversity (3.5.3).

3.5.2 Screening criteria (general)

Two broad screening criteria were used to qualify firms and owner-managers for the recruitment of the main sample:

1) Each interviewee should have at least five years of experience of business owner-management that involved internationalisation.
2) The firm should be internationally active in a minimum of 4 countries.

3.5.3 Purposive criteria (diversity)

As discussed above, the researcher was also concerned to maintain diversity within the sample and this aim was achieved by using purposive sampling. To this end, three purposive criteria were used as the sample was recruited:

1) Age of firm, based on the year of foundation. This was felt to be important because of the very different circumstances that applied to building international businesses during, for example, the nineteenth century, the ´Wirtschaftswunder` years that followed the second world war, and the internet age of the late twentieth and early twenty-first centuries.
2) Size of firm in terms of number of employees, which is also a broad measure of scale, and thus of resources available to support internationalisation.

3) Economic sector, as it was felt to be important explore experiences beyond Germany's well-known strengths in engineering, in which firms are more likely to benefit from this reputation.

3.5.4 Sample size

In the early stages of the process, the researcher expected to complete perhaps up to ten interviews, but the strong interest of owner-managers in the topic made it possible to arrange more interviews and interviews were arranged with a sample of 17 owner-managers. Flick et al. (2013) advise researchers considering an in-depth approach that a smaller sample size is recruited than may initially be planned. This is for two reasons: the complexity and timescale of each interview and the complexity and workload involved in analysing those interviews may be excessive (Maxwell & Chmiel, 2014).

In retrospect, the second point concerning the analysis workload was particularly important and the 17 interviews required a large commitment of time for transcription, the writing of summaries and the analysis process. However, the diversity of the sample ensured that there was little evidence of data saturation. Even though there was a degree of consensus on several issues, the views expressed were always varied.

3.5.5 Interviewee recruitment

To recruit the sample, the researcher approached possible interviewees via his own extensive network of businesses (Bloomberg & Volpe, 2019). Tashakkori et al. (2021) underpin that this approach by using a purposive sampling can be concreted by the view and classification. The researcher has decided for a non-sequential approach, meaning a relatively fixed sampling strategy, where the sample is decided at the outset liked the researcher describes (Tashakkori, Johnson, & Teddlie, 2021).

Hood (2017) mentions in this context the expression of `a priori sampling approach´. Bryant et al. validate the right selection and criteria of participants are designed and focused to answer the research questions (Bryant & Charmaz, 2019; Hood, 2007). In chapter 4 and precisely in section 4.2 the researcher is depicting details about the pilot interviews and the challenges he was facing during

the process. Silverman (2017) contests that the whole interviewing approach and realisation continued until data saturation was reached (Silverman, 2017).

The researcher contacted in the beginning various firms via is own network by email. But there might be occasions where the researcher has not received any feedback. Even sometimes no chances of getting contact with relevant personnel, even when trying to call them.

On the other side there were several owner-managers interested in this specific topic and permitting to receive further information related to the interview.

The researcher provided those interested owner-managers an overview of major topics of interest and send an overview of potential questions for the physical interview (please find an example in Appendix 1). Bryman (2016) adds that the aim of those interviews was to interpret attitudes of owner-managers in the areas of experiences, leadership and preferred strategies (Bryman, 2016).

The whole recruitment process was a form of learning journey. Sometimes the researcher needed additional external help (by an assistant, etc.) to sensitise the respective owner-manager and to get a meeting. Some owners rejected, others had no time and slots for meetings had to be organised in some other months during the year. A high level of flexibility by the researcher was needed to reach those interview appointments and as well of gathering such valuable data throughout the individual talks with the interviewees.

As stated a purposive approach concerning the sampling was executed. Mason (2017) adds that it is certain that several characteristics have to be followed and fulfilled that this is also theoretically meaningful. May and Perry (2022) point out that that the aim is not towards statistical relevance and neither it can be claimed that those interviewees are representative, reiterating the conclusions of (May & Perry, 2022; Miles, Huberman, & Saldaña, 2014).

In section 4.3 there is a detailed overview of the firms, the interviewed owner-mangers and where those firms are located in Germany. Further information can be found there about the actual generation of owner-managers, about the foundation year and as well the last realized turnover at the end of 2021. As well information about the turnover split generated in Germany and generated outside of Germany in percentage. The table shows the international workforces of such firms, which generation of owner-manager realized first international sales and is identifying their most

important markets. Last but not least some are identified as technology or even world market leaders.

3.6 Data Quality

In qualitative research criteria have to be reliable and valid. Bryman (2016) states that it is certain that researchers express different views concerning the qualitative project. Those kinds of divergence depend and reflect the relevance of data (Bryman, 2016). As already presented during this chapter there are several truths existing in the social world. Silverman (2017) underpins like in this specific thesis the views of the owner-managers are of relevance and express their views of truths (Silverman, 2017).

The researcher has to try in his best interest to explore and understand the owner-managers. With such an approach the researcher may find a deep understanding of the felt and expressed and discussed facets during and after the individual interview. This leads the researcher for a more profound knowledge and possible interpretation of such meanings. Creswell and Creswell (2018) acknowledge that with such outcomes of those interviews a reader can follow easier the researcher`s perception and experience and that leads to validity (Creswell & Creswell, 2018). The researcher used his own field notes to reflect the understanding of the interviewees. This helped the process to proceed with such data and it assured that the researcher understood the experiences, leadership roles and preferred strategies and within this the individual truths of owner-managers of the German Mittelstand.

According to Saunders et al. (2019) the function of the researcher is essential when interacting and interpreting such relevant data. Those facets are important pillars of qualitative approaches but the researcher has to consider as well several pitfalls (Saunders et al., 2019).

3.6.1 Interviewee`s distraction

Due to the situation that those owner-managers welcomed the researcher in their premises the meetings were realised either in their own office or a dedicated meeting room. In some cases, assistants of such owner-managers informed the researcher beforehand how much time could be invested into the interview until the owner-manager was having another meeting. Such an environment assured that owner-managers were really focused and concentrated during the

process of the interviews. The majority of those interviewees even muted their telephones during the total interview. Those parameters in these situations provided the interviewees a relaxed and comfortable zone.

3.6.2 Researcher`s distraction

There might be as well the situation that the researcher is not understanding the fact and the spoken word correctly. But here the researcher recorded (permitted by the interviewees) all interviews. Afterwards the researcher translated all interviews from German into the English language. Followed as well by field notes which assured that such possible pitfalls may not arise. Nonetheless the researcher prepared as well from each interview an executive summary which the researcher shared with the interviewees afterwards by mail. This verification was even updated when facts and figures were updated (the researcher had with each interviewee last contact in the beginning of 2022, when the realised statements (facts and figures) for 2021 were finally in the books.

3.6.3 Participant bias

It might be that some interviewees are believing and presenting something, what the researcher wants to hear. It might even be that those interviewees are not doing this on purpose (consciously or unconsciously). But in order to minimise such bias potentials, the researcher encountered this with the help of the experiences during the pilot interviews and its learnings (as stated in section 3.7 and subsection 3.4.2).

3.6.4 Researcher bias

The researcher had to consider possible bias from his own direction. It is certain that the personal experiences of the researcher influence his views and behaviour. That means that a careful consideration and acting has to be vital in order to assure not influencing the interviewees; explicitly not to confront the participants and bringing them into the wrong direction or implying the opinions and views of the researcher. The researcher experienced possible bias during the pilot interviews. From that learning the researcher tried to mitigate those possible facets.

For the main work of interviews the candidates were all contacted and selected via the network of the researcher. It can be stated that all interviewees stand in a decent distance towards the

researcher and a respectful rigour in the selection process can be stated. Apart from the experiences and attitudes of the researcher, the perspective of the researcher based on literature for this thesis may influences as well. During this journey the literature research was as brought as possible in the beginning, but as well as specific as possible for the intended approach. For a critical direction and relevance, the researcher has had discussions with his first supervisor and those discussions helped not losing track and to stay focused on the topic of this research. The interviewees received several weeks before the actual interview an overview about the major questions (Appendix 1). On the one side it allowed the interviewees being prepared and that they felt secure. One important point, which the researcher learned quickly, was that the interviewees do not want to be surprised. Instead, they prefer to be asked guiding questions, at the time the researcher had to assure not influencing the owner-managers. Because of that the semi-structured interviews were following a certain direction but leaving options to the owner-managers of freely answering and even going deeper or towards another direction. The researcher was always endeavoured to bring interviewees back on a direction in case they focused too much and too long into a specific niche of interest.

3.7 Data Collection (main sample)

The purpose of this section is to provide the reader with an overview of the data collection process. The researcher decided to present a specific section about the initial findings (chapter 4). Chapter 4 presents in detail specific information concerning the pilot interviews and characteristics of the main sample.

3.7.1 Venue

All interviews took place at the premises of the owner-managers. The first three pilot interviews were those with an exploratory approach. Silverman (2017) recommends that too many interview questions are not helpful, but the intention was to receive a direction, some learnings and guidance (Silverman, 2017). The semi-structured interviews followed the outcomes of literature and especially the learnings from the exploratory part (pilot interviews).

3.7.2 Time frame

After experiencing the first three pilot interviews the researcher had to rethink and reflect on time and approach. - The learning for the researcher during those three pilot interviews sensitised himself to be more rigour in the way of asking question and being more rigour towards himself. That was necessary for ensuring that interviewees do not lose track of answering the major questions and providing insights of their beliefs and thoughts during internationalisation. Those learnings from the interviews prepared the way of implementation of the main fieldwork. Bell (2022) underpins the aim of those interviews was to interpret attitudes of owner-managers in the areas of experiences, leadership and preferred strategies. Interviewing was continued until data saturation was achieved. But taking into planning that owner-managers during the official interviews would take a maximum of 60 minutes for the interview into consideration, more than 15 major questions are too many. Not to forget that apart to the major questions there are several other sub-questions which develop during the process of semi-structured interviews. Because of different interview partners throughout Germany, time was before, during and after a meeting a relevant aspect and something, what the researcher had to learn, reflect and plan and orchestrate into his daily work environment.

3.7.3 Interview process

As mentioned in subsection 3.4.2 and 3.7.1 the different meetings with owner-managers took place in various places in Germany. Because of long distances the researcher had to stay 10 times in hotels to assure that he was punctual before an interview started. In most cases the researcher was welcomed by an assistant who guided the researcher either into the office of those owner-managers or dedicated meeting rooms. Meetings took sometimes place in the morning or during the afternoon. That shows the elementary and important consideration of investing time by the researcher, because apart of manageable locations (getting to those premises and returning home afterwards), the researcher had to take several days of holiday to realise those projects. The researcher was welcomed by the owner-managers. Generally, there was some small talk in the beginning and the researcher thanked the owner-managers already before the interview for their time, efforts, etc.. In addition, the researcher assured confidentiality. He double checked that the interviewees felt comfortable with the situation and as well asked for consent concerning the

recording and the usage of such specific and individual information (see section 3.9 as well - Ethical considerations).

Before starting the recording, the researcher thanked again the owner-managers for their invitations, their time and their interest into this project. In the semi-structured interviews, the process was guided by some major relevant questions, but allowing owner-managers to talk about other topics of interest as well. When the interviews came to an end, the researcher again thanked the owner-managers and stopped the recording. Sometimes the owner-managers proceeded with informal talks and in some cases, there were some critical discussions about specific challenges about their firms. The researcher was asked for his opinion and in the opinion of the researcher and as well in the interest of the interviewees, the informal talk about specificities of firms were really valuable for both parties. The researcher assured the interviewees that he would keep the owner-managers updated about his approaches and as well about the outcome of this thesis.

3.8 Data Analysis

3.8.1 Transcription and summarising of interviews

All of the interviews were conducted in German, as all of the interviewees were German native speakers and although they all had some proficiency in English, they felt more comfortable in using German for what were fairly complex discussions during the interviews. The first step in processing the raw interview data was to make a transcript of each interview in German. Each transcription was carried out by the researcher personally and was in itself a very useful step in enhancing the depth of his understanding of each interview.

3.8.2 Translation of interview transcripts

The interview transcripts were then translated into the English language. The researcher personally translated the first three interviews, taking his field notes into consideration. This personal experience was valuable because German is a relatively complex and sophisticated language, which can be interpreted and translated in various ways. It was therefore a valuable learning experience for the researcher, both in refining his understanding of the interviews and the complexity of finding the English words that formed the most accurate translations of the German transcripts.

Because the challenge of language translation is widespread in language-based qualitative research, there is a useful body of literature that considers the issues that translation raises for research quality and proposes techniques that help to resolve the problems that they may cause. The widely-cited 'founding fathers' of modern translation theory are two French researchers, Vinay and Darbelnet. These authors who wrote extensively about translation issues from the 1950s onwards and their lasting contribution was a seven-step model for conducting and testing translation (Vinay & Darbelnet, 1967, 1995). That has been tested and critically evaluated in numerous cultural contexts (Saridaki, 2021). Informed by Vinay and Darbelnet's work, the American cross-cultural specialist Richard Breslin developed a different multi-stage model (Brislin, 1970, 1980). That has also gained widespread currency in the academic and professional worlds of translation (Lopez, Figueroa, Connor, & Maliski, 2008).

Having reflected in depth on the experience of translation and enriched his understanding of the issues by these and other sources, the researcher contacted a South African acquaintance who speaks both English and German on both native and professional levels and asked him to help with the translation of the remaining interview transcripts. The researcher contributed to this process very closely, which both speeded up and enhanced the process by having another person's perspective – this technique was also repeated with the first three transcripts.

Looking back, the researcher acknowledges that the back-translation process that is an important component of Breslin's framework was not used. However, given the constraints of time and financial costs, he is confident that the translated transcripts were accurate representations of the words of the interviewees, given the substantial experience of working cross-linguistically and cross-culturally in English and German on both his part and that of the translator (Lopez et al., 2008).

Finally, each of those translated interviews was given a final review by the researcher, taking his personal side notes and personal recall of the particular interview into consideration. The translated interviews were then re-read in sequence, after which the researcher was satisfied that the translations were the best representation in English of the words of each interviewee.

An example of a translated transcript may be found in Appendix 2.

3.8.3 Writing interview summaries

The next step was to write a summary of each interview transcript. The purposes of this step were:

a. to encourage the researcher to reflect on each interview as a whole, and to summarise what seemed to be the most salient points of each one.

b. To facilitate at an early stage the comparison of the 17 data sets.

c. To share the main points of each interview with the researcher's supervisor as a basis for intensive discussion, which was a valuable catalyst of every stage of the analysis process.

Two example summaries are included as appendix 3.

3.8.4 Collating and analysing descriptive data regarding the sample firms

Before moving on to detailed analysis of the interview data, the first step of analysis was a comparative study of the sample of the participating firms, whose current owner-managers were the interviewees. Secondary data were collected before each interview on firm characteristics such as location, activities, year of foundation, location and number of employees, all or most of which were available on the firms' websites. These are tabulated in Table 4 in 4.2, alongside other descriptive data which were mostly collected in the interviews, including the approximate annual turnover, the proportion of turnover that derived from international markets, the most important country or regional markets, the generation currently directing the firm, the generation in which the first international sales were made and the owner-managers' views on the global market position of the firm, such as market leader or technology leader.

The data collated in Table 4 were in themselves of great interest and a number of interesting findings are discussed in Chapter 4. Some of these reflected widely understood characteristics of Mittelstand firms, such as family ownership combined with high longevity, while some were unexpected. For example, it is known that many Mittelstand firms are located in small towns and villages but every one of the sample of 17 firms was still located in the same community in which it was founded, irrespective of whether this was in the time of the post-war Economic Miracle or over 150 years ago. Another unexpected finding was that, irrespective of the age of the firm, the first international sales were generated in the first generation of family ownership in 15 of the 17 firms.

As discussed in 3.8.10 below, both of these findings were further developed during the analysis of the interview data and eventually formed a part of the contributions to knowledge that were outcomes of the research project.

3.8.5 Choice of a data analysis package

The researcher made the choice of using a computer-assisted qualitative data analysis software package (CAQDAS) for initial data analysis. One reason for this was practicality: as a part-time researcher and taking his international job into consideration with its demands for weekly travelling, a software package which facilitates the project was more than welcome (Cope, 2014; Friese, 2019; Lewins & Silver, 2007). Both the specific software package and manual coding have advantages and disadvantages, so in the opinion of the researcher, a combination of both would make good sense.

The researcher was invited to a presentation of MAXQDA (a CAQDAS), a German alternative to NVIVO, which was itself demonstrated during a face-to-face session at the University of Gloucestershire in the UK. The researcher had to decide between those two and after having experienced an individual MAXQDA online seminar, which contained several aspects (8 times 2 ½ hours thematic sessions, 1 project workshop, 43 exercises and 3 digressions), the researcher decided to use MAXQDA, as the software package was found to be particularly helpful and user-friendly. Certainly, there are several aspects of it which need to be understood and learned, but that is the case of any software tool. The researcher made use of the MAXQDA user manual on an almost daily basis, as well as a particularly helpful book on the analysis package (Rädiker & Kuckartz, 2019).

The transcribed interviews linked with the recorded interviews were uploaded into MAXQDA and the coding was started, using an inductive approach. For the purpose of confidentiality, the names of the owner-managers were replaced with alpha codes.

Figure 4 below gives the reader an overview of MAXQDA's high-level analysis, in which the head codes of the coding systems can be seen as well on the left-hand lower panel.

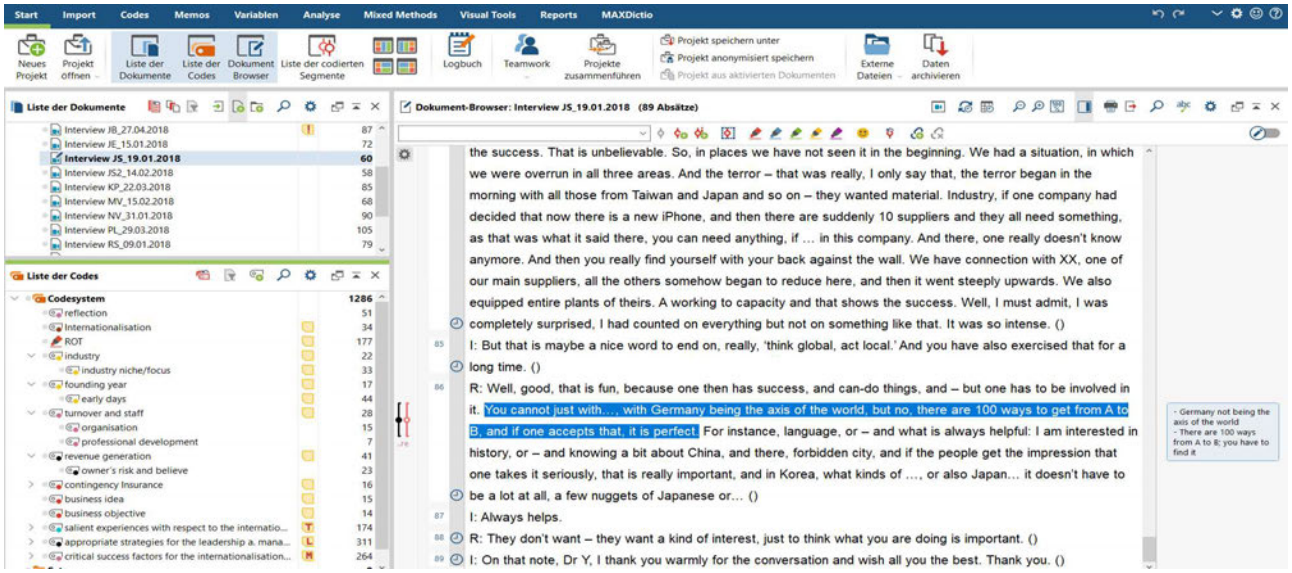


Figure 4: MAXQDA main overview; source: researcher

The book by Rädiger and Kuckartz (2019) `Analyse qualitativer Daten mit MAXQDA´ is very helpful for understanding and working in-depth with MAXQDA.

3.8.6 Preparation for coding

The researcher began the process by reading each interview several times and making personal notes, then leaving it for some days and repeating the process several times for each individual interview. This sharpened the researcher's view and understanding of each interview and ensured that he reflected in depth as to whether he sufficiently understood the interviews and the transcriptions. This was aided by careful reference to the field notes taken during each interview and to the summaries, which were also a valuable resource at this stage.

3.8.7 Using MAXQDA: determining the headcodes and subcodes

In common with other qualitative analysis packages, MAXQDA uses computer power to analyse textual data by identifying and counting the frequency of occurrence of words and themes, in accordance with codes determined by its user. MAXQDA uses a two-level hierarchical system of codes, generically known as headcodes and subcodes.

The head codes and subcodes were determined by the researcher, using an inductive process based on two sets of prior knowledge:

a) The research purpose, as expressed by the research aim, the research questions and the interview guide, which drove the creation of the headcodes.
b) The research data, in particular the interview transcripts, the interview summaries and other aspects of the researcher's experience of preparing for and conducting the interviews. These sources drove the creation of the subcodes.

Because this process is essentially personal to the researcher and therefore idiosyncratic, different researchers might not come up with the same codes and categories by using an inductive approach, although it is certainly possible for two researchers to develop very similar coding structures. This was verified by the researcher in an exercise using two interviews only, where colleagues from his learning set helped with coding development. This exercise was repeated in reverse, where the researcher helped fellow doctoral students with coding (Kuckartz, 2016, 2017).

There are several possible approaches to building the structure of codes and categories but in general there are perhaps six major phases which should be considered:

- Initial creation of headcodes based on the research purpose as discussed above.
- Developing a high level of familiarity with the textual data in order to identify the scope of the material to be coded.
- Working sequentially through the data in building and refining new categories and codes.
- Systematising, organising and refining the coding structure.
- Final critical review and refining of the coding structure.

Further and more detailed information on this process can be found (Charmaz, 2014; Kuckartz, 2016; Mayring & Fenzl, 2019; Schreier, 2012).

3.8.8 Using MAXQDA: the evolved coding structure

Informed by the research aim and the research questions, three major coding areas were identified, as discussed below.

The first headcode was salient experiences with respect to the internationalisation processes. This main code has six sub-codes:

- Long-term relationship

- Fairs
- Others
- Thinking and acting
- Push towards a country (i.e., proactive internationalisation)
- Pull from a country (i.e., passive internationalisation)

The second headcode was appropriate strategies for the leadership and management of internationalisation with respect to the internationalisation processes. This headcode has nine sub-codes:

- Exit strategy
- Concentration & focus
- Future expectations
- Personal contact
- Owner-managed focus
- Success
- Risk
- Cultural characteristics
- Country/idiosyncrasy

The third headcode was critical success factors for the internationalisation process. This headcode has eight subcodes:

- Respect
- Innovation
- Values
- Made in Germany
- Danger/risks
- Challenges
- Opportunities
- Trust

In addition to those major themes of interest the researcher added several additional codes for 'general' themes which were not directly related to the headcodes derived from the research questions but may nevertheless be valuable to the analysis. These additional codes are shown in section (a) of Table 5 (4.5.2) and were as follows (some were allocated subcodes as indicated):

- Internationalisation history of the firm (general discussion, rather than specific issues).
- Reflection (the owner-manager reflecting on past events).
- Industry (within which the firm competes).
  - Subcode: industry niche/focus.
- Founding year of the firm.
  - Subcode: Events in the firm's early years.
- Employees (recruitment, labour turnover etc.).
  - Subcode: Organisation.
  - Subcode: Training and professional development.
- Revenue generation.
  - Subcode: Owner's perceived risk and related beliefs.
- Financial risk management (contingency insurance).
  - Subcode: Internally funded customer credit.
- Business ideas.
- Business objectives.

One additional and frequently occurring code needs explanation: It is the code 'RED' (`ROT´ in German). The researcher used this code when owner-managers said something that was distinctive and of individual value, or when they expressed a particularly interesting and specific attitude or opinion.

3.8.9 Using MAXQDA: measuring and analysing the frequency of occurrence of codes

The main function of the MAXQDA package was to count and produce reports of the frequency of occurrence of passages of text that referred to each code and to do this far more quickly than would be possible by a human researcher.

These frequency reports are shown in Tables 5 and 6 in 4.5.2. These frequencies are shown in absolute terms in Table 5 and in relative terms in Table 6. Both of these tables show the frequencies of occurrence for all of the codes, including the 'general' ones discussed above.

As a further stage of analysis, the relative frequency of occurrence of the three sets of headcodes and subcodes that related to each of the research questions was analysed. These analyses are reported in 4.5.3, 4.5.4 and 4.5.5, each of which includes a histogram that shows the relative frequencies of each subcode in descending order (Figures 5, 6 and 7 respectively). This analysis proved to be particularly useful, as it clearly portrays the relative emphasis placed on each aspect of each research question by the owner-managers during the interview discussion.

3.8.10 The inductive phase of interpretation and analysis

The final phase of the analysis process was also the most time-consuming, requiring more than a year to complete. This was the inductive and iterative process of integration, sense-making, reflection, discussion and further reading that shaped the main findings, the answers to the research questions and the contributions to knowledge that are reported in Chapters 6 and 7.

This process is best explained by means of the examples that are discussed below.

a. As discussed in 3.8.4 above, the initial comparative analysis of descriptive characteristics of the 17 firms in the sample showed that in all but two cases, the first generation initiated the internationalisation process. In current language, those founding owner-managers seemed to have behaved like the founders of 'born global' firms, long before the concept was developed. Moreover, in each of these 15 firms, the country markets that were pioneered by the founders were still rated by the current owner-managers as important to their firms' international revenues, highlighting the notion of 'commitment to place' that is discussed as a contribution to knowledge in 7.3.4.

   This finding inspired a further review of the 'born global' literature and of the broader literature of patterns of internationalisation. Another finding that emerged later from in-depth analysis of the interview data was that numerous owner-managers recounted the internationalisation behaviour of these early owner-managers, many

of whom followed their personal enthusiasm and interests in entering and developing international markets. This was categorised by the researcher as 'idiosyncratic internationalisation', being personally driven by the owner-manager rather than a 'scientific' process of market research and analysis. This finding contradicted the established view that Mittelstand firms generally adopt an incremental approach to internationalisation and had more in common with some accounts of internationalisation by 'born global' firms.

b) At a late stage in the development of this thesis, the researcher came across the seminal article by Lehrer and Schmid (2020), in which the authors propose the concept of 'strategic discipline' as a consistent behavioural characteristic of Mittelstand firms. This concept was felt by the researcher to be particularly useful in interpretation of the research findings and helping him to see relationships between a number of aspects of internationalisation strategy and behaviour that were related by the owner-managers. For example, many of the owner-managers referred to the importance of taking a long-term perspective with respect to new markets and the need for substantial investment in market development without the expectation of short-term returns. This concept is further developed in 6.10 and discussed as a contribution to knowledge in 7.3.6.

c) As reported in 3.8.4 above, the initial comparative analysis of descriptive characteristics of the 17 firms in the sample revealed that all 17 were still located in the same town or village in which they were founded. This could be interpreted as a long-term 'commitment to place', which was also a commitment to the community within which the firm developed. Only later in the analysis process did it become clear that once the sample firms had entered a country market they tended to stay in it for the long term. Almost all of the owner-managers interviewed emphasised the importance of creating an ecosystem of employees, customers and potential customers, partner businesses and other stakeholders in a new market (Note: only a few owner-managers used the term 'ecosystem', while the others used other language to describe that concept).

A relatively small inductive leap suggested that there was some commonality between the firms' behaviour in their home market location and in their international markets, in both contexts taking a long-term view of building relationships, reputation and human capital. This insight led to the concept of 'commitment to place' being coined to describe this characteristic of Mittelstand firms' behaviour, as discussed in 7.3.4.

3.9 Ethical considerations

3.9.1 Introduction

One of the most important aspects of a researcher's role is a careful consideration of ethical issues in conducting a research project and ensuring that appropriate ethical standards are complied with throughout the project's implementation (Smith, Flowers, & Larkin, 2022). Accordingly, a number of sources were consulted for guidance in following professional standards, including (Sarantakos, 2017; Saunders et al., 2019) and The University of Gloucestershire's Guide to Research Ethics (Gloucestershire, 2022). This research highlighted a number of relevant issues in this research project, which are discussed in the following summaries.

3.9.2 Transparency

The 17 interviewees for the main work and as well the earlier interviewees for the exploratory and pilot interviews were thoroughly informed about the researcher's background and credentials, the research project and the aims of the interviews.

3.9.3 Conflicts of interest

The participants of the interviews represented various different industries of the German Mittelstand. It was intended by the researcher to having a broad scope of different industry niches. The intention and expectation by the researcher was of receiving subjectively valid outcomes with the approach of interpreting them in a more general perspective. There was or is no direct professional relationship between the researcher and those interviewees and no potential conflicts of interest arose.

3.9.4 Confidentiality

Anonymity and confidentiality were always given. Fictionalised alpha codes of owner-managers were used (please see section 4.2 for further information). Some firms requested a non-disclosure agreement (NDA) which was signed before the interviews took place.

3.9.5 Recording of interviews

Before each interview, the interviewees were asked for their consent for the recording of the interview. In each case, this consent was confirmed without objection.

3.9.6 Conduct of interviews

As Easterby-Smith and other authors advise, further considerations should be given to issues such as the dignity of the interviewee, the prevention of harm, privacy aspects and others. All of these issues were carefully considered beforehand and were borne in mind throughout the interview and through the writing of this thesis (Easterby-Smith et al., 2021; Saunders et al., 2019; Silverman, 2017). Interviewees were assured that they could terminate the interview at any time if they ever felt uncomfortable.

3.9.7 Data security

Following the data collection, the interview data were stored securely and accessed and used only by the researcher. The interview data, as well as all notes and any kind of information on the sample firms will be deleted when the research project has ended.

3.10 Writing the thesis

3.10.1 Voice: First or third person?

Historically, the convention in writing up research projects in German science has been to use third person throughout (Kühtz, 2020).

Following a careful consideration of these issues, the researcher decided to continue using the third person throughout the thesis. This was for a number of reasons:

a) Third person is a customary and expected element of the prevailing writing style in both business and academic culture in Germany (Esselborn-Krumbiegel, 2022).

b) This standardisation of the use of third person was reinforced throughout the researcher's educational and professional experience.

c) The assignments developed during the early stages of the DBA programme were all written in the third person and no mention of this was made by the tutors.

d) A strong argument for the use of first person in writing up qualitative research projects is that in contexts where the interviewees are in some way vulnerable or subordinate to the researcher, such as in medical or educational settings, it is important to give voice to interviewees rather than to objectivise them through use of the third person (Gilgun, 2005; Sandelowski, 1998; Wertz, Nosek, McNiesh, & Marlow, 2011; Zhou & Hall, 2018). In the context of this research, neither of these conditions obtained. The interviewees were not in any way vulnerable and were the most senior persons in their organisations. In the interview situations, it was the researcher who was in a subordinate position and, as discussed in 3.7.3 and precisely 3.4.2, the researcher was frequently kept waiting while the interviewee dealt with unforeseen issues, such as a meeting running late or an unexpected change of schedule.

e) In contrast to the expert-to-layperson relationship between interviewer and interviewee that may exist in caring and educational contexts, the interviews in this research were essentially peer-to-peer discussions between professionals in international business, within an atmosphere of mutual respect.

f) The voices of the interviewees are given prominence in the thesis, in which their quotations are used extensively, particularly in Chapter 5.

3.10.2 Structure

In general, this thesis shares the established structure of many doctoral theses in management fields, having sequential chapters titled Introduction, Literature Review, Methodology and Conclusion. However, because of the volume of the data collected, the complexity of the data analysis and the time taken to complete the analysis, the research findings are presented and

discussed across three chapters, rather than the more conventional one or two. These are organised as follows:

- Chapter Four reports the findings from the collation and initial analysis of the raw data, including the descriptive data relating to the sample firms and the first stage of analysis of the transcripted interview data, facilitated by the MAXQDA qualitative data analysis package.
- Chapter Five presents and discusses the interview data in depth, structured by emerging themes and featuring numerous examples of interviewee quotations that illustrate these themes.

In Chapter Six, the themes highlighted in the previous chapter are critically discussed in the context of the relevant literature, forming a number of key findings, some of which form the basis of the contributions to knowledge that are presented within 7.3 in Chapter 7, the concluding chapter of the thesis.

Chapter 4: Initial Findings

4.1 Introduction

The aims of this chapter are as follows:

a) To briefly discuss the sample and the findings from the sample interviews, what was learned from them and how this contributed to the design of the main study (section 4.2).

b) To familiarise the reader with the sample for the main study, namely seventeen businesses from the German Mittelstand with substantial internationalisation experience whose owner-managers were interviewed as the main fieldwork. The key attributes of these firms are summarised in table 4 (section 4.2), while interesting characteristics of the sample are discussed in 4.3. Section 4.4 includes a series of 'pen portraits' of each of the sample firms.

c) To briefly explain the first steps in processing the raw interview data, namely to transcribe each recorded interview into an English-language transcript and then to summarise each one in order to clarify its key points. These processes are outlined in 4.6 and examples of a transcript and interview summaries are included as Appendices 2 and 3.

d) To discuss the first stage of data analysis, in which a qualitative data analysis package (MAXQDA) was used to apply codings to elements of the interview transcripts and to highlight salient themes by means of frequency counts. These processes and their outputs presented and discussed in section 4.5.

4.2 Overview of the characteristics of the main sample

Table 4 provides an overview of key characteristics of the firms whose owner-managers were interviewed by the researcher during the main fieldwork.

A	B	C	D	E	F	G	H	J	K	L	M
Firm	Year founded	Age of Firm	Owner-manager	O-M Gener-ation	First Intern'l Sales (Gen)	Annual sales (million euro)	Inter-national sales (%)	No. Employees	Location in Germany	Most important markets	Market position
1	2002	16	HH	2	1	130 €	65	300	West	Eur	WorldML
2	1983	35	CR	2	1	50 €	50	135	Centre	Eur, AUS, Asia, CA	
3	1973	45	RS	2	1	30 €	66	300	West	Eur, Asia, US	
4	1955	63	JE	3	1	40 €	66	180	Centre	Eur, Middle East	Tech leader
5	1988	30	AW	2	1	50 €	50	220	SW	Eur, Asia	
6	1913	105	JS	4	1	90 €	50	500	SW	Eur, US, JP, CN,ROK, BR	Tech leader
7	1978	40	FH	2	1	300 €	90	500	West	Eur, US, Asia	World ML
8	1927	91	NV	3	1	35 €	65	240	NE	Eur	
9	1847	171	US	6	3	120 €	85	500	NW	Eur, Asia	Tech leader
10	1978	40	JS	2	1	128 €	40	1.700	Centre	Eur, Asia	
11	1978	40	MV	2	1	27 €	40	110	NW	Eur	Tech leader
12	1908	110	JB	4	1	1.600 €	75	5.000	NW	Eur, Asia, US, BR	
13	1805	213	KP	8	4	40 €	34	140	West	Eur, Asia	
14	1898	120	SM	4	1	3.100 €	70	10.500	Centre	Eur, Asia, NA, SA	World ML
15	1960	58	PL	2	1	170 €	60	650	North	Eur, SA	World ML
16	1991	27	WS	2	1	70 €	60	120	North	Eur	
17	1922	96	SS	4	1	22 €	30	140	Centre	Eur	

Table 4: Sample Profile in chronological order of interviews; source: researcher. See below for an explanation of the contents and abbreviations used.

Table 4 lists the sample firms in the. The column headings are explained below:

(A) Firm number, which reflects the chronological order of the interviews.

(B) The year of the firm's foundation.

(C) Age of the firm as at the time of the interview.

(D) An alpha code, which represents the interviewed owner-manager.

(E) The family generation to which the owner-manager belongs.

(F) The generation during which the first steps in internationalisation were made.

(G) Approximate annual turnover in the last financial year (as related by the owner-manager)

(H) Approximate proportionate split of turnover international/domestic (as estimated by the owner-managers).

(I) Approximate size of workforce at the time of the interview.

(J) Regional location of the firm's headquarters.

(K) The most important markets in terms of contribution to turnover, in order of importance.

(L) Overall competitive position in the view of the owner-manager. (World ML = world market leader, Tech leader = global technology leader).

4.3 Some key characteristics of the sample businesses

- All of the sample businesses were in majority family ownership and were managed by members of the founding family, so were still 'family businesses'.
- None of the interviewed owner-managers was a member of the founding generation, although just over half of them (9) were of the second generation, having succeeded a founding parent.
- All but two of the sample firms (Firms 9 and 13) had begun to develop international business while being managed by the founding generation of the family.
- All of the firms except 4 (Firms 10, 11, 13 and 17) were generating at least 50% of their revenues from international markets.
- Two firms stood out as very highly dependent on international markets: Firm 7 with 90% of turnover from international markets and Firm 9 with 85%. A striking difference between

these two businesses is that while Firm 9 was founded in 1847 and had accumulated over 150 years of international business experience, Firm 7 was founded in 1978 and still being managed by the second generation of the family.

- All of the firms were still located in the same region in which they were founded and in each case the HQ was still located in the town or village in which the business was founded, even though 5 firms were more than 100 years old. This is a remarkable fact when compared with the UK business population and that of many of countries, particularly in the light of the military and political upheavals of the twentieth century. This, and the community embeddedness that is associated with it, is another typical characteristic of the German Mittelstand (De Massis et al., 2018; Welter et al., 2015; Werner et al., 2013).
- Eight of the owner-managers described their firm in global terms as either the market leader or niche leader (4 firms) or the technology leader (4 firms), reflecting the 'Hidden Champions' argument of Simon (1996) (Simon, 1996).

4.4 Brief portraits of the sample firms

The following subsections (4.4.1 to 4.4.17) are brief overviews of the characteristics of each firm. In each case, the last sentence of the overview is an illustrative quotation made by the owner-manager.

4.4.1 Firm 1, owner-manager HH (B2B2C)

Firm 1 is active in the IT industry. Now managed by the 2nd generation, it was founded in 2002 and generated a turnover of 130 million euros in 2021, approximately 65% in foreign markets and 35% in Germany. There are approximately 300 employees, and the location of the headquarters is in the western part of Germany. The first international sales took place during the founding 1st generation of leadership and the most important regional market is Europe. This firm is a world market leader in its niche.

Illustrative owner-manager quotation: ´A company can grow successfully if it has been positioned as international from the beginning.`

4.4.2 Firm 2, owner-manager CR (B2B)

Firm 2 is acting as a solution provider of packaging films. Currently managed by the 2nd generation, it was founded in 1983 and realised a turnover of 50 million euros in 2021. The firm generated 50% of its turnover in foreign markets and 50% in Germany. There are 135 active employees, and the location of the headquarters is in central Germany. First international sales took place during the 1st generation of the family firm. The most important market is Europe but Firm 2 is also active in Australia, Asia and Canada.

Illustrative owner-manager quotation: ´Bring in a very good German product, to set ourselves apart from the rest of the market.`

4.4.3 Firm 3, owner-manager RS (B2B)

Firm 3 produces special electric heating elements for industrial purposes. It was founded in 1973 and is now managed by the 2nd generation of the family. It realised a turnover of approximately 30 million euros in 2021, 66% in foreign markets and 34% in Germany. There are approximately 300 employees, and the location of the headquarters is in the western part of Germany. The first international sales took place during the 1st generation of the family firm. The most important markets are Europe, Asia and the US. Apart of that it is being active in another 40 countries.

Illustrative owner-manager quotation: ´The building of trust is an essential issue for good owners.`

4.4.4 Firm 4, owner-manager JE (B2B)

Firm 4 is a manufacturer of commercial vehicle superstructures and specialises in the transport of dangerous goods. Now being managed by the 3rd generation, it was founded in 1955 and realised a turnover of 40 million Euros in 2021. The firm generated its turnover with 66% in foreign markets and 34% in Germany. There are 180 active employees, and the location of the headquarters is in central Germany. The first international sales took place during the first generation of the family firm and the most important markets are Europe and the Middle East. This firm is a technology leader in its niche.

Illustrative owner-manager quotation: ´Made in Germany is a very important factor; the company usually gets a 10% Made in Germany premium.`

4.4.5 Firm 5, owner-manager AW (B2B)

Firm 5 is active in the production and distribution of reusable load carriers; the main product range is foldable, plastic load carriers. It was founded in 1988 is currently managed by the 2nd generation of the family. It achieved a turnover of 50 million euros in 2021, generating approximately 50% of its sales in Germany and 50% in foreign markets, mostly in Europe and Asia. There are 220 active employees, and the headquarters is located in the south-western region of Germany. The first international sales took place during the 1st generation of the family firm.

Illustrative owner-manager quotation: ´Essentially, my father mustered the courage and mortgaged his house, because he needed to buy a machine. Occasionally, one forgets that these days. Ultimately, we profit from the enormous risk he took upon himself. It is the second generation that profits from that.`

4.4.6 Firm 6, owner-manager JS (B2B)

Firm 6 is active in the areas of photography: initially using film and nowadays digital photography. They specialise in appropriate industrial optics for photography, namely filters. Now being managed by the 4th generation, it was founded in 1913 and realised a turnover of 90 million euros in 2021. The firm generated 50% of its turnover in foreign markets and 50% in Germany. There are approximately 500 employees, and the location of the headquarters is in the south-western region of Germany. First international sales were achieved during the 1st generation of the family firm. Most important markets are Europe, the US, Japan, China, South Korea and Brazil. This firm is a technology leader in its niche.

Illustrative owner-manager quotation: ´So, this think global, act local is certainly true. That gets to the heart of it, so I think that it is simply, with one phrase, really.`

4.4.7 Firm 7, owner-manager FH (B2B)

Firm 7 is a supplier of foodstuffs colouring, using the most natural form of dying. Now managed by the 2nd generation, it was founded in 1978 and realised a turnover of 300 million euros in 2021. The firm generated 90% of this turnover in foreign markets and 10% in Germany. There are approximately 500 employees, and the location of the headquarters is in the western part of Germany. First international sales took place during the 1st generation of the family firm. The

most important markets are Europe, the US and Asia. This firm is a world market leader in its niche.

Illustrative owner-manager quotations: ´In the food industry, trust is the most important aspect of all (our customers always tell us that we can do whatever we want to, but no surprises) and we mustn't allow ourselves to lose that pioneering spirit.`

4.4.8 Firm 8, owner-manager NV (B2B2C)

Firm 8 is a premium manufacturer and distributor of home textiles. Now being managed by the 3rd generation, it was founded in 1927. It realised a turnover of 35 million euros in 2021, with 65% in foreign markets and 35% in Germany. There are approximately 240 employees, and the location of the headquarters is in the north-eastern region of Germany. The first international sales took place during the 1st generation of the family firm. The most important regional market is Europe; beyond Europe it is active in another 40 countries.

Illustrative owner-manager quotation: ´The premium German manufacturer. With the label Made in Germany, now, the crux is to come up with innovations here.`

4.4.9 Firm 9, owner-manager US (B2B)

Firm 9 specialises in packaging for the consumer goods industry. Now being managed by the 6th generation, it was founded in 1847 and realised a turnover of 120 million euros in 2021. The firm generated 85% of its turnover in foreign markets and 15% in Germany. There are approximately 500 employees, and the location of the headquarters is in the north-western region of Germany. The first international sales took place during the 3rd generation of the family firm. The most important regional markets are Europe and Asia, and this firm is a technology leader in its niche.

Illustrative owner-manager quotation: ´Therefore, it is important for us to focus specifically and concentrate on the niches.`

4.4.10 Firm 10, owner-manager JS (B2B2C)

Firm 10 produces disinfection agents, primarily for the healthcare or medical markets. Now managed by the 2nd generation, it was founded in 1978 and realised a turnover of 128 million euros in 2021. The firm generated 40% of its turnover in foreign markets and 60% in Germany. There are approximately 1,700 employees and the location of the headquarters is in the centre

of Germany. The first international sales took place during the 1st generation of the family firm. The most important regional markets are Europe and Asia. Beyond those it is active in another 70 countries.

Illustrative owner-manager quotation: ´I think that's always important, and when you oversee the business yourself, as the owner, relationship management is always important, of course and German products are usually assessed as technologically and technically good products, honest, respectable, credible, trustworthy – those are attributes you can use to your advantage.`

4.4.11 Firm 11, owner-manager MW (B2B)

Firm 11 designs, manufactures and sells drive technology and drive automation which can be found in a wide variety of various industry sectors. Now managed by the 2nd generation, it was founded in 1978 and realised a turnover of 27 million euros in 2021: 40% in foreign markets and 60% in Germany. There are approximately 110 employees, and the location of the headquarters is in the north-western region of Germany. First international sales took place during the 1st generation of the family firm. The most important market is Europe, and his firm is a technology leader in its niche.

Illustrative owner-manager quotation: ´We are not self-proclaimed technology leaders. Our competitors have confirmed it and to me, trust is very important, also in business life. You can put everything in a contract, but, I would say, contracts are designed to protect you in war.`

4.4.12 Firm 12, owner-manager JB (B2B & B2B2C)

Firm 12 is active in the areas of coffee production and preparation of coffee (coffee machines, filter papers, etc.) and also has a household product division. It was founded in 1908 and is currently managed by the 4th generation of the family. Firm 12 achieved a turnover of 1,600 million euros in 2021, 75% of which was generated in foreign markets and 25% in Germany. There are approximately 5,000 employees and the location of the headquarters is in the north-western region of Germany. The first international sales took place during the 1st generation of the family firm. The most important markets are Europe, Asia, the US and Brazil.

Illustrative owner-manager quotation: ´In Asia, the label Made in Germany is extremely important, that's in China, Japan. For them, Germany is a brand label, in terms of values. It stands for technology, for reliability, for consistency, for quality. It is a label, yes and I think, if one starts

with the intention of making money, if anything is driven by monetary goals, then, the idea is dead. On the contrary, I think, the idea needs to be ... there needs to be a willingness to have an impact. I have an idea, and, with this idea, I can make a difference. And I, personally, believe in it. Everything else comes later.`

4.4.13 Firm 13, owner-manager KP (B2B2C)

Firm 13 produces premium fruit and vegetable juices. Currently managed by the 8th generation, it was founded in 1805 and achieved a turnover of 40 million euros in 2021, 34% in foreign markets and 66% in Germany. There are approximately 140 employees, and the location of the headquarters is in the western part of Germany. The first international sales took place during the 4th generation of the family firm, whose most important markets are Europe and Asia but is active in another 40 countries.

Illustrative owner-manager quotation: ´So, I thought that if we could excite people for our products 10,000 kilometres away, then this should also be possible in other countries, and we have learned that we are always successful if we manage to inspire someone for us and make them an ambassador of our brand and our products.`

4.4.14 Firm 14, owner-manager SM (B2B)

Firm 14 operates in the industrial and medical gas industries. Currently being managed by the 4th generation, it was founded in 1898 and realised a turnover of 3,100 million euros in 2021, 70% in foreign markets and 30% in Germany. There are approximately 10,500 employees and the location of the headquarters is in the centre of Germany. The first international sales took place during the 1st generation of the family firm and its most important markets are Europe, Asia, North America and South America, as well as other countries in different regions. This firm is a world market leader in its niche.

Illustrative owner-manager quotation: ´One can say that we have always entered the market relatively quickly, or at a very early stage, and we have done pioneer work and we also have a business development, of course, not on a large scale, though. I also do that myself, to a large extent.`

4.4.15 Firm 15, owner-manager PL (B2B & B2B2C)

Firm 15 distributes products for transferring colour to a surface and is active in the visual communication sector (whiteboards, flipcharts, interactive whiteboards and e-screens). Currently managed by the 2nd generation, it was founded in 1960 and realised a turnover of 170 million euros in 2021, 60% in foreign markets and 40% in Germany. There are approximately 650 employees, and the location of the headquarters is in the north of Germany. The first international sales took place during the 1st generation of the family firm and the most important markets are now Europe and South America, as well as other countries in different regions. This firm is a world market leader in its niche.

Illustrative owner-manager quotation: ´However, it is always the same, as a member of the management board, and a member of the founding family, one stands for consistency. In this respect, I am, to a certain extent, responsible for building trust, and maintaining personal relationships and the brand seems to play a certain role, and people prefer a branded product. And, I think, in this respect, the founders have done an excellent job. Nevertheless, I think that highly trust-based collaboration used to be, and still is, invaluable.`

4.4.16 Firm 16, owner-manager WS (B2B)

Firm 16 sells well-known German brands of agricultural machinery in Germany and in Central and Eastern Europe, and also offers a full outsourcing service for the cultivation and management of agricultural land. Currently managed by the 2nd generation, it was founded in 1991 and realised a turnover of 70 million euros in 2021, 60% in foreign markets and 40% in Germany. There are approximately 120 employees, and the location of the headquarters is in the north of Germany. The first international sales took place during the 1st generation of the family firm and the most important markets are in Europe.

Illustrative owner-manager quotation: ´Personal presence is always important, which is a fact that will not change, and I keep telling myself, if you do not live in the country, you should behave like a guest, which we do. So, I need to decide in advance whether or not I want to go there. And, if there are certain government regulations, in the country, I will have to accept them accordingly. So, politically, I would say, you should stay completely neutral, since you are simply not entitled to behave any other way.`

4.4.17 Firm 17, owner-manager SS (B2B)

Firm 17 produces silicone papers, packaging materials and high-performance films. Currently managed by the 4th generation, it was founded in 1922 and realised a turnover of 22 million euros in 2021, 30% in foreign markets and 70% in Germany. There are approximately 140 employees, and the location of the headquarters is in central Germany. The first international sales took place during the 1st generation of the family firm and the most important market is Europe.

Illustrative owner-manager quotation: ´We Germans, are certainly not considered the most flexible, but we are perceived as having a great understanding of products and now, regarding the label Made in Germany – I still think, German companies with their manufacturing mentality. It is an advantage in terms of customer perception, which is, in my opinion, based on having an eye for detail and reliability.`

4.5 Thematic MAXQDA analysis and outputs

4.5.1 Introduction

As discussed in 3.8 above, the first stage of data analysis made use of MAXQDA, a qualitative data analysis package. The logic and findings of this analysis are briefly discussed in this section. The aim of this research and the research questions that were derived from it were outlined in Chapter 1. To recap the research questions introduced in Chapter 1, there were three broad themes of particular interest to this the research:

- Salient experiences with respect to the internationalisation process.
- Appropriate strategies for the leadership and management of internationalisation.
- Critical success factors for the internationalisation process.

The MAXQDA analysis was used to process the raw data, namely the 17 interview transcripts, and to generate an initial analysis of the content of each interview. This was achieved by identifying passages in the text that matched a code that was specified by the researcher and providing a report of the frequency of match with each code. Two levels of coding were used:

- Headcodes – high-level codes representing particularly interesting passages in the view of the researcher, broad issues not clearly related to the research questions and passages that specifically addressed the research questions.

- Subcodes – more specific (lower-level) passages in each of these three categories.

Sub-section 4.7.2 shows the overall set of codings used in the analysis and the frequencies of occurrence of themes that relate to each headcode and subcode. Sub-sections 4.7.3, 4.7.4 and 4.7.5 show and discuss the MAXQDA outputs that relate to the three research questions outlined above.

4.5.2 The coding structure and aggregate match frequencies of each code

The full set of headcodes and subcodes that emerged from the coding process are shown in table 5 below, alongside the aggregate frequency of occurrence of each code.

Headcode	Subcode	Frequency
All headcodes and subcodes		**1286**
a) General codes:		
Coded Red (by researcher, as particularly relevant passages)		177
Internationalisation (general discussion of the firm's internationalisation process, rather than specific issues)		34
Reflection (i.e. owner-manager reflecting on past events)		51
The industry (within which the firm competes)		22
	industry niche/focus	33
Founding year of the firm		17
	Early events and years in the firm's life	44
Employees (rcruitment, turnover, etc.)		28
	Organisation	15
	Training and professional development	7
Revenue generation		41
	Owner's perceived risk and beliefs	23
Financial risk management (contingency insurance)		16
	Internally funded customer credit	3
Business ideas		15
Business objectives		14
b) Codes related to research question 1:		
Salient experiences with respect to the internationalisation process		174
	Thinking and acting	34
	Push towards a country	32
	Others	27
	Pull from a country	18
	Fairs	17
	long-term relationships	12
c) Codes related to research question 2:		
Appropriate strategies for the leadership and management of internationalisation		311
	Owner-manager focus	52
	Success	48
	Country/idiosyncrasy	41
	Personal contact	37
	Cultural characteristics	34
	Concentration & focus	31
	Future expectations	25
	Risk	9
	Exit strategy	4
d) Codes related to research question 3:		
Critical success factors for the internationalisation process		264
	Opportunities	50
	Challenges	43
	Trust	38
	Made in Germany	37
	Values	30
	Danger/risks	29
	Innovation	11
	Respect	8

Table 5: List of headcodes and subcodes with frequencies; source: researcher

Across the full set of 17 transcripts, there were 1,286 ‘hits’ or matches of content with the headcodes and subcodes. These are shown in table 6 below, this time in relativised form alongside both the absolute and relative frequencies of occurrence, the latter expressed as a percentage of the total matches (i.e. 1,286).

	Frequency	Percentage
Red	177	13.76
appropriate strategies for the leadership a. management of int.\owner-managed focus	52	4.04
reflection	51	3.97
critical success factors for the internationalisation process\opportunities	50	3.89
appropriate strategies for the leadership a. management of int.\success	48	3.73
founding year\early days	44	3.42
critical success factors for the internationalisation process\challenges	43	3.34
appropriate strategies for the leadership a. management of int.\country/idiosyncrasy	41	3.19
revenue generation	41	3.19
critical success factors for the internationalisation process\trust	38	2.95
critical success factors for the internationalisation process\Made in Germany	37	2.88
appropriate strategies for the leadership a. management of int.\personal contact	37	2.88
appropriate strategies for the leadership a. management of int.\cultural characteristics	34	2.64
salient experiences with respect to the international. process	34	2.64
salient experiences with respect to the international. process\thinking and acting	34	2.64
Internationalisation	34	2.64
industry\industry niche/focus	33	2.57
salient experiences with respect to the international. process\Push towards a country	32	2.49
appropriate strategies for the leadership a. management of int.\Concentration & focus	31	2.41
appropriate strategies for the leadership a. management of int.	30	2.33
critical success factors for the internationalisation process\values	30	2.33
critical success factors for the internationalisation process\danger/risks	29	2.26
turnover and staff	28	2.18
salient experiences with respect to the international. process\Others	27	2.10
appropriate strategies for the leadership a. management of int.\future expectations	25	1.94
revenue generation\owner´s risk and believe	23	1.79
industry	22	1.71
salient experiences with respect to the international. process\Pull from a country	18	1.40
critical success factors for the internationalisation process	18	1.40
founding year	17	1.32
salient experiences with respect to the international. process\Fairs	17	1.32
turnover and staff\organisation	15	1.17
business idea	15	1.17
business objective	14	1.09
contingency Insurance	13	1.01
salient experiences with respect to the international. process\longterm relationship	12	0.93
critical success factors for the internationalisation process\innovation	11	0.86
appropriate strategies for the leadership a. management of int.\risk	9	0.70
critical success factors for the internationalisation process\respect	8	0.62
turnover and staff\professional development	7	0.54
appropriate strategies for the leadership a. management of int.\Exit strategy	4	0.31
contingency Insurance\house credit/loan	3	0.23
TOTAL	**1.286**	**100.00**

Table 6: Coded segments (in all documents); source: researcher

Tables 5 and 6 above portray the emerged head- and subcodes and as well the frequencies of usage. The researcher, by focusing on the research aim and the research questions, wants to emphasize to four major headcodes of the research outcomes:

Red: Here the researcher used this code to highlight special expressions, very interesting and individual contributions/wordings by the interviewees.

Experiences: Applies when talking about experiences in the context of internationalisation.

Appropriate strategies: Applies when talking about appropriate strategies for the leadership and management of internationalisation.

Critical success factors: Applies when talking about critical success factors in the context of the internationalisation process.

4.5.3 Salient experiences with respect to the internationalisation process

This headcode presents the salient experiences of internationalisation, as recounted by owner-managers. The initial analysis revealed a larger number of subcodes but because of the proximity of the terms used and their meaning, some were merged, forming the six subcodes shown in figure 5.

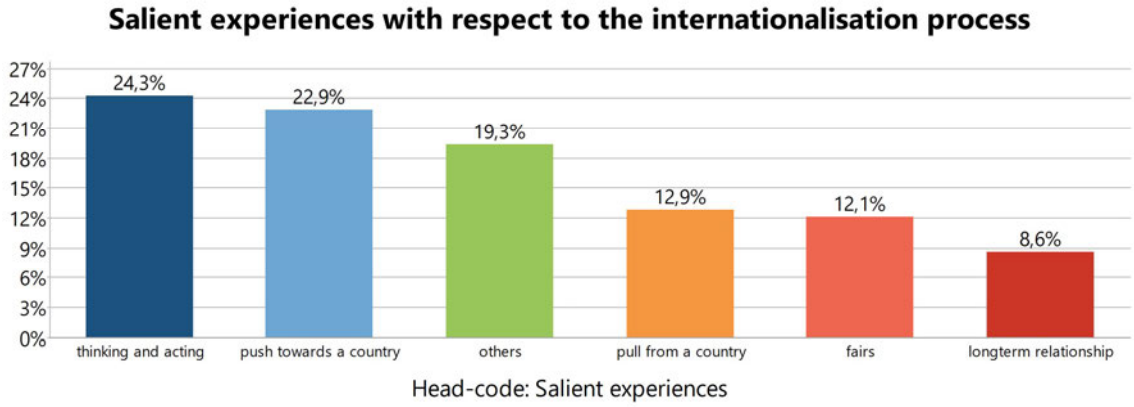


Figure 5: Salient experiences of the internationalisation process; source: researcher

Before discussing and interpreting these subcodes, it is important to reflect on the perceived meaning of 'salient experiences' to the interviewed owner-managers. As discussed in 4.3 and 4.4 above, every one of the 17 sample firms was family owned and none of the interviewed owner-managers was a member of the founding generation, although just over half of them (9) were of the second generation, having succeeded a founding parent.

This has profound importance for the analysis and interpretation of the interview transcripts. When discussing their salient experiences, owner-managers were not necessarily referring to events during their incumbency as owner-manager. For the 9 owner-managers who were the

successors of founding parents, these may have been relatively recent events that were shared directly with their parents. In the multi-generational firms, the experiences of founders and early successors were more distant but had been passed down through the succeeding generations.

To return to the subcode frequency counts shown in Figure 5, the highest relative frequency was of the code ´thinking and acting`, with 24.3%. Here owner-managers expressed in a very reflective and thoughtful way what they think and how they are acting.

The second most frequent sub-code was 'push towards a country', meaning a proactive approach to developing a new international market. An interesting finding is that all owner-managers reported that their founding predecessors had pushed their business into international markets during their businesses' first generations of existence. Only one firm's owner-manager mentioned that 'pushing' actively into new country markets and pulling (responding to requests from firms in foreign markets) happened in parallel. The owner-managers of all other 16 firms said that their predecessors had proactively driven their internationalisation strategy.

Given the above discussion, the relative frequency of the subcode ´pull from a country` may seem high at 12.9%. The explanation is that, in general terms, this does not reflect a passive response to international orders but the outcomes of proactive investment in a market, including attendance at trade fairs in those markets. For example, a sample firm may have participated in a specific fair in India, generating interest from local firms, but this happened after the German firm had proactively developed their sales subsidiaries and made other investments in those countries. For this reason, the subcode 'fairs' shows a similar relative frequency.

The subcode ´long-term relationship` was widely used in this and in other elements of the interviews. In the context of internationalisation, this referred to long-term relationships with customers, intermediaries, employees and other stakeholders, but it could also refer to the relationship with the country market as a whole. These and other preferences for a long-term perspective are widely held to be typical attributes of German Mittelstand firms (Schenkenhofer, 2022).

4.5.4 Appropriate strategies for the leadership and management

Figure 6 shows the relative frequencies of the subcodes related to the head-code 'owner-managers' ideas about appropriate strategies for the leadership and management of

internationalisation', deriving from the third research question. Some of the associated subcodes were merged because of the proximity of the terms used and their meanings.

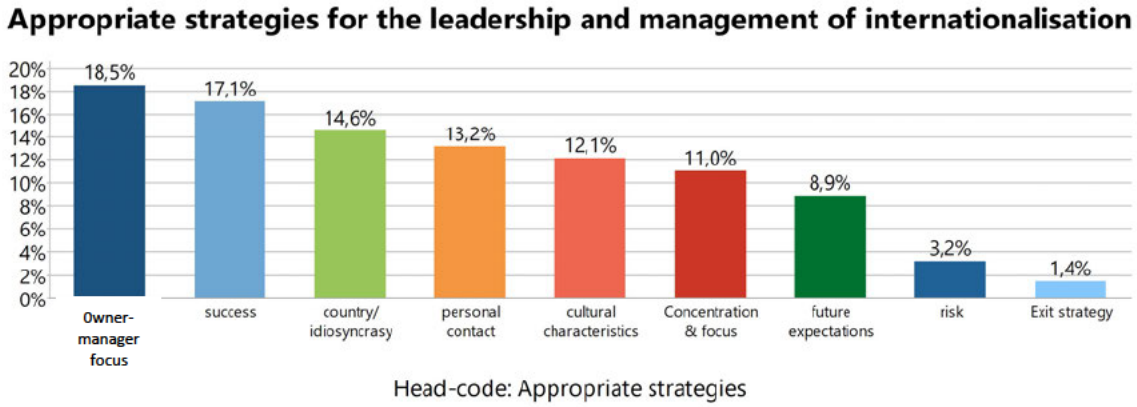


Figure 6: Strategies for the leadership and management of internationalisation; source: researcher

The subcode with the highest relative frequency was ´owner-manager focus` with a percentage of 18.5%. In interpreting this, it is important to consider that this response was given by owner-managers when reflecting on their leadership and expressed how they as owner-managers are actively guiding and participating in the internationalisation process. On reflection, it is reasonable to suggest that these responses may reflect a degree of interviewee bias.

The subcode ´success` was used when talking about success stories about the firm's performance and/or the actions of the owner-managers, or about initiatives such as innovation, trade fairs, approaches to market entry and other decisions about specific international markets which resulted in success stories.

The subcode ´country/idiosyncrasy` was used when owner-managers were talking about the specificities of specific countries or regions. It emerged that one important and relevant factor, as seen by German Mittelstand owner-managers, is a tailored and focused strategic approach towards countries and their idiosyncrasies. In other words, the owner-managers were emphasising the importance of recognising the uniqueness of each country market and acting on it by respecting differences and knowledge-building. Two other subcodes, 'cultural characteristics' and 'concentration and focus' were closely related to this code but were retained in order to highlight specific comments on these particular issues.

Another strategic approach that was perceived as important by owner-managers was their personal presence in in country markets where the firm is active. The high relative frequency of the subcode ´personal contact` reflects the belief that this is an important facet of the development of a mutual and successful relationship. It was also suggested that the presence of the owner-manager could reinforce the importance of building close and sustainable relationships through observing and responding to aspects of local cultures. A future orientation was expressed by the sub-code ´future expectations`, which was used when discussing the future development of country and regional markets.

The sub-codes ´risk` and 'exit strategy' expressed the prudent view that other owner-managers expressed in different ways. Exit strategies and financial risks were mentioned several times by owner-managers when explaining that, on previous occasions, too much money was invested for too long in certain markets and that the decision to exit took too long to make. Some mentioned that having learned a lot from those earlier experiences, they would act differently and perhaps decide more quickly to exit than the earlier generations of owner-managers.

4.5.5 Critical success factors for the internationalisation process

This headcode presents the critical success factors relating to internationalisation that were mentioned by owner-managers. The associated subcodes that are illustrated in figure 7 represent the relative frequencies of mention of critical success factors in the transcripts of the owner-manager interviews.

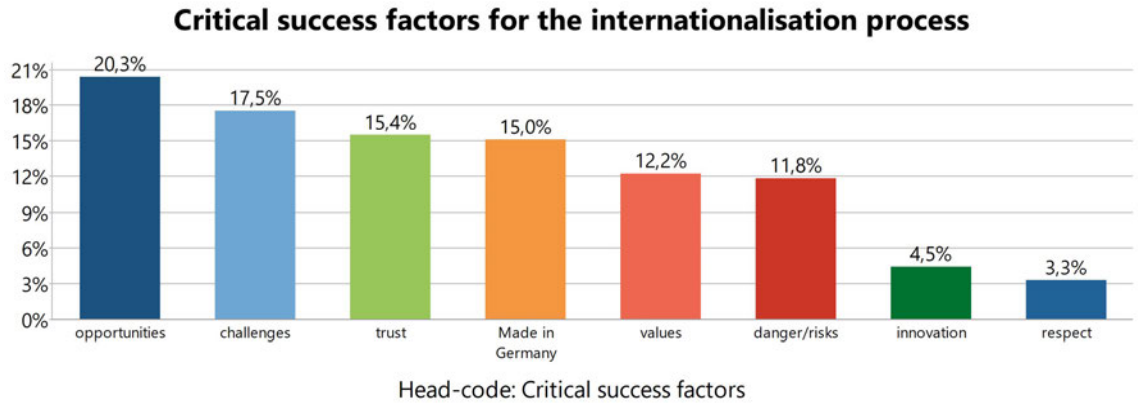


Figure 7: Critical success factors for the internationalisation process; source: researcher

As can be seen in figure 8, the most-mentioned critical success factor is the subcode ´opportunities`, used when describing potential international market opportunities and all other

forms of opportunity in those markets, informed by what they had learned from the past and what they were predicting for the future. The subcode ‘challenges’ was widely used in recognition that opportunities brought specific challenges, for example finding the right employees, developing appropriate training programmes for young trainees and for further development of local employees.

The subcodes ´trust` and ´Made in Germany` reflected owner-managers’ view that these are both valuable assets in internationalisation and very strong contributors to success. The subcode `values` refers to the business’s values that form the basis of success in international markets, such as respect for all stakeholders, high levels of trust and a long-term view of investments.

The subcode ´innovation` was also a strong code which owner-managers perceived as a quality of their firm and more broadly as vital to the successful internationalisation of German Mittelstand firms. As discussed in the following chapter, innovation was also considered to be an important aspect of the value of the ‘Made in Germany’ label.

The subcode ´danger/risks` refers to the perceived importance of awareness of possible downsides to international opportunities, such as excessive investment requirements, lack of language skills, lack of qualified employees with appropriate skills, local taxes and other obligations from governments.

Although the subcode ´respect` was used not so frequently in this context, this does not mean that it was considered of less importance. On the contrary, the idea of ‘respect’ was used frequently to describe the acknowledgement of the uniqueness and ‘idiosyncrasies’ of specific country markets, as discussed in 4.7.4 above. In that context, it was used to express the importance of the respect of local culture, language, politics and so on, as well as towards local customers and employees.

Chapter 5: Key Findings

5.1 Introduction

Building on the first-stage analyses discussed in Chapter 4, this chapter presents the findings developed during the second, inductive stage of analysis, using interpretation, reflection, discussion and synthesis.

5.2 Diversity of internationalisation strategies and processes

The owner-managers recounted very varied approaches to internationalisation, although there was some commonality.

5.2.1 Starting with the DACH market

The early internationalisation of each of the sample firms took place in the German speaking regions. At different times in the past, most of the businesses had initially expanded into the 'broader domestic market' of Germany, Austria, Switzerland and Liechtenstein, collectively known as the DACH market, although not necessarily to all of those markets. The majority of those firms are still very active in those country markets.

Although Switzerland is not an EU member state, the fact that the DACH market countries are all majority German-speaking and have many historical and cultural links, means that for many German Mittelstand firms, Austria, Switzerland and Liechtenstein feel more like slightly more distant regions of the home market than foreign countries.

'Yes, initially we began in the German-speaking region, of course.' (CR, firm 02)

'I think, Switzerland, Austria were the first export contacts.' (JB, firm 12)

'The first customer was in Germany; the second one in Switzerland.' (FH, firm 07)

'The German market, and perhaps the German-speaking market, are still very, very dominant.' (JS, firm 10)

'The first steps were in Switzerland. […] some of our first international contacts were in Scandinavia too, in other words, our neighbouring countries.' (KP, firm 13)

'Well, the principal market is the market in the DACH region. At the end of the day, we also have the strongest brand recognition here.' (NV, firm 08)

'I think, in Switzerland, and then, right after that, one in France. And those were quite simply chance encounters.' (RS, firm 03)

'Germany, Austria, Switzerland was certainly already a little accelerated, because the language was already there on the packaging and handbooks and so on.' (HH, firm 01)

5.2.2 Expansion into Western Europe

For many businesses, the next steps in internationalisation were to enter other Western European markets. This was particularly true of those firms which were active during the ´Wirtschaftswunder` (Economic Miracle) period starting from the 1950s.

'[Our]internationalisation mainly started in the 1960s, with European subsidiaries all over Europe. The first one, I think, was in Switzerland, [then] Austria, France, Benelux, Scandinavia.' (JB, firm 12)

'First steps in international context was sales into Spain. After first experiences in Spain, the East played a relatively big role for the company. First approaches and experiences in international markets were very opportunistically.' (AW, firm 05)

'And, therefore, my father attended a lot of fairs. And it was structured. Which means, he took a map, and said ... and, of course, especially within Europe, right, where distances are not huge, really, and, well, the EU had not yet been established, but which still makes the export business a bit easier, he decided to look for partners, country by country – which he did, at local fairs, while visiting those countries.' (PL, firm 15)

'But, we have had a distribution partnership for a very long time. And that was the second milestone. The third one was the start of internationalisation, and the related successes, especially, I would say, in the Mediterranean countries, or, when they started to do business in Spain, and Greece.' (PL, firm 15)

5.2.3 Internationalisation driven by personal preferences

There were several exceptions to this pattern of incremental expansion across European markets. These were driven by perceptions of specific opportunities, chance encounters or the owner-manager's interests and personal preferences. As an example of the first category, one owner-manager became aware of substantial opportunities in Belarus, which became the business's first export market and which over a 25-year period has been developed into a major contributor to its revenues.

Clearly, owner-managers across the generations had an important influence on the pattern of their firms' internationalisation. The present owner-managers tended to tell specific stories about their fathers, grandfathers or older predecessors when they were in charge for the firm. The older firms had accumulated a lot of individual stories and passed down personal experiences that illustrate the important roles that some owner-managers have played in pioneering and developing international business, sometimes apparently 'following their noses' into international markets. In most cases, those markets that were entered and developed because of personal preferences were still with the firm's international market portfolio and had often remained important markets.

Some current owner-managers showed a clear personal interest in some specific regions and countries. The reason for being active in those countries can be found in the individual intrinsic motivation of some owners; their beliefs and their associated commitment have paved the way to international success. Some of those owner-managers showed a very strong belief that the reason for success in some markets is due to the fact that they personally managed the market entry process. Some owners expressed the idea that during the 70s, 80s and 90s the owner-managers at that time were strongly export-orientated and personally drove their firms' internationalisation strategies.

In some cases, these activities were aimed at incremental development, but in some cases the personal interests and commitments of the owner-manager were focused on more distant markets, resulting in non-incremental (or 'non-Uppsala') patterns of incremental growth. This proactive approach towards other countries was in some cases also aligned with the request by customers, who wanted particular firms to operate in their markets or even starting local production.

Some current owners described their fathers as adventurers who travelled around, looked for 'white spots' on the map and started doing business in them. Another owner of the second generation explained that his father was rather not so good at English, but that he had very special aptitudes in building relationships.

> *'I think, due to the trend, the reasons were opportunistic, considering how things used to work, at the time. Such businesses were rather sales-oriented. […] in the late 1950s, early 1960s, the time of the so-called economic miracle of diversification, of expansion followed.' (JB, firm 12)*

'Thus, it was not a planned expansion strategy, at the time, but rather, it resulted from general growth, opportunity, as well as from their relationship with those countries.' (JB, firm 12)

'That was 1924. And it was also a completely different business. Back then, it was purely about meeting the demand, whereas, nowadays, one must think about the right customer incentives […].' (NV, firm 08)

'[…] our goal is to increase our brand presence in England, and in Russia, as well as in the Scandinavian countries. We have thought about this at length and performed a brainstorming session to establish, at the end of the day, where else we see ourselves abroad, where to expect the greatest synergies, about preferences and requirements.' (NV, firm 08)

'[…] behind each internationalisation, in those early years, there is a little story, which is often also very personal. The other day, I talked to the owner of the company in Uruguay, who is still our local partner. So, they met at a fair, and it was a mix-up. He wanted to meet somebody else. And my father also wanted to meet somebody else. And, at some point they realised that they were sitting at the wrong table.' (PL, firm 15)

'[…] in Singapore, then in China, in the USA, in India, in that order. And the thought behind it has always been, we know we want to do something there to directly reach machine manufacturers.' (RS, firm 03)

'[…] well, in the days of my grandfather, it was more export-focused. I once saw some old maps, where they had marked the locations where we had installed systems. They were really spread all over the world. Even in Peru. If you drive up from Cusco to Machu Picchu, there is a railway, and back then, on the right-hand side, there was a fibre factory. And, until a few years ago, an old company X system still stood there.' (SM, firm 14)

'[…], or the question as to where we should go, was ultimately, strategy, but also customer-driven. Because customers said, we would like to have you here, locally, which was the case in Dubai.' (US, firm 09)

'Vietnam was also my idea – to go there, to take the first steps, and China, of course, was also super interesting.' (SM, firm 14)

'My father […] enjoyed travelling abroad. At a very early stage he was travelling in Japan, and in China. That is why, today, we have a great standing in the Chinese market […] he just liked it.' (RS, firm 03)

'[…] he decided to go into the area of airfield fuelling. Then he travelled around with his suitcase and knocked on doors, and he won the Greeks over.' (JE, firm 04)

'Actually, I was one of those involved in building up the foreign business. My father spoke English very, very well, which was not a given in that generation. He was a good relationship manager, but somehow, he didn't manage to build up the foreign business.' (JS, firm 10)

'[…] as I said, my father had a very structured way of finding the white spots on the map. And then, opportunistically, he looked for distribution partners, or established subsidiaries.' (PL, firm 15)

'In India, the strategy was as follows: I knew I wanted to expand there, because there is a market.' (RS, firm 03)

5.2.4 The importance of key channel members

The majority of firms started their international approaches via a network of traders and agencies in those countries. That was in general the major approach during an early phase of internationalisation, in which firms looked for agencies (independently-owned local firms) that were mostly paid on a turnover commission basis.

'They had merchants that travelled around or went to fairs, small, national trade fairs.' (JB, firm 12)

'I went to trade fairs, and of course we were relatively opportunistic at the start, we looked for traders for important markets who visited the trade fairs, and we did business with those we liked, and at the start, a lot of the business was driven by relationship management. We trusted one another, and we had a feeling that he would make an effort for us, and it often worked. I think this system is good in the beginning, but, of course, it needs to be professionalised later.' (JS, firm 10)

'However, it is still justified. The trade fair scene is diverse, of course. I would say, being present at a trade fair does not mean that you'll get orders. Unfortunately, those days are over. However, character of trade fairs has changed. It's about being seen in the market, being recognised, cultivating existing customer relationships.' (MV, firm 11)

'But, we have had a distribution partnership for a very long time. And, that was the second milestone. The third one was the start of internationalisation, and the related successes, especially, I would say, in the Mediterranean countries, or, when they started to do business in Spain, and Greece.' (PL, firm 15)

5.3 Internationalisation was generally proactive ('push' rather than 'pull')

It was clear from owner-managers interviews that in every case there had been a proactive strategic approach to develop international business. Just one owner-manager recalled that his

firm was approached in parallel by foreign firms with the aim of starting a mutual business relationship. This was firm 14, which proactively developed several country markets during early generations but, as recounted by the current owner-manager, there was also a high level of interest from around the globe. Accordingly, several firms from countries where the firm was not yet active had proactively approached his grandfather or father and this resulted in new international markets being developed.

Some owner-managers seemed to be in some awe of their predecessors in earlier generations, who they thought were driving internationalisation and founding new subsidiaries at a much greater pace than during recent generations.

> *'I think our next step will be to try to expand further in China and when China is running well, we will start looking at another market.' (AW, firm 5)*

> *'But it's sometimes also a conscious search for a partner who can place the company X products on foreign markets.' (CR, firm 2)*

> *'I think it was the need, or the desire, to sell more, because we needed to grow.' (FH, firm 7)*

> *'I would do it exactly the same way. I would think about where does it make sense, where is there potential, where is purchasing power.' (HH, firm 1)*

> *'Then, we expanded to Asia, also in the late 1960s, early 1970s. Hong Kong, Japan, Australia.' (JB, firm 12)*

> *'The entry into the airfield sector was strategically planned.' (JE, firm 4)*

> *'They were already delivering to Japan in '23, to the USA and so on, and it was actually always a case of direct sales.' (JS, firm 6)*

> *'He was proactive, but, there was certainly a need too.' (SM, firm 14)*

> *'And people at fairs saw the name, saw the devices/products, and then enquired about them.' (SM, firm 14)*

5.4 Internationalisation is perceived as strategically important in its own right

In different ways, owner-managers expressed a conviction that internationalisation was strategically essential, rather than only one form of growth strategy. This was a widely shared sentiment across the sample. The owner-managers believed that internationalisation is important for any business, not simply a strategy to pursue when desired growth is no longer

possible in the domestic market. Three owner-managers pointed out that by examining the 'hidden champions' over past years, you can see that only firms which are internationally active are consistently successful.

Several owner-managers mentioned that planning an international business from the early existence of a firm is an important and relevant milestone for a future success of internationalisation, while others argued that the best way of growing their firm successfully was to position it as international from the beginning.

Another owner-manager explained that internationalisation means that there is simply more of a market and there is more security. By 'security' he meant that internationalisation provides a way of diversifying risk, by reducing dependence on regions that that face difficulties such as an economic crisis, war or other events. For this reason, it was recommended that firms build this form of security from the beginning with a long-term perspective, thus minimizing risk for the entire business.

One owner-manager argued that it was very important to drive internationalisation at a strategic level and that market developments on a long-term perspective should 'stay in his hands'. Another brought up the perspective that internationalisation offers other advantages, as a 'global radar' or source of intelligence, as well as a form of risk management. The same owner-manager added that German cost structures and labour legislation in Germany are a serious impediment for businesses, making internationalisation even more important. Other owner-managers supported this argument, agreeing that their firms could grow faster in international markets than in the domestic market, seeing more growth opportunities in other countries.

> *'I think that in the future, internationalisation will be an important strategic element.' (AW, firm 05)*

> *'I think that a company can grow successfully if it has been positioned as international from the beginning.' (HH, firm 01) (On one hand, there is simply more of a market there, and on the other there is more security. If there is difficulty e.g. in a region, economic crisis, then you still have a few other countries where you can do something. And that is valid for Germany as much as for other countries. So it is advisable for a company that wants to survive in the long term, to internationalise.)*

'And, the bottom line is that my father pushed the internationalisation of the brand XY by establishing manufacturing plants abroad, in Hungary, amongst others, and in Austria.' (NV, firm 08)

'But, statistically, when we examine the hidden champions over the past years, you see that only the companies which are active internationally are consistently successful.' (HH, firm 01)

'Our strategy is to grow more internationally than nationally.' (KP, firm 13)

'In the international business, we clearly focus on nine or 10 focus markets, to which we want to give more resources and attention in marketing plans, and we want to provide support, training courses, marketing documents, customer visits. We want to focus on that, and we also want to concentrate on product portfolio management for foreign countries. We must close the important product portfolio gaps in the most important markets, and the other markets will have to live with it the way it is. We have to limit the effort.' (JS, firm 10)

'I would look where there is potential. Do a potential analysis and then focus. Or I would in any case take opportunities.' (HH, firm 01)

5.5 Personal beliefs and preferences of owner-managers

During the interviews, most owner-managers showed both a strong personal commitment to their firms' strategies and activities and also strongly-held personal beliefs regarding appropriate strategies and actions. Some were clearly driving business forward and were deeply convinced about their ideas and the directions of their firms.

Although there was almost a consensus about how best to act in international markets, personal preferences still played an important part in identifying, entering and developing an active presence in certain countries. Just as in the many stories told about their predecessors, several interviewees were clearly driven by strong personal motives for developing their business in a certain country market.

When reflecting on their business planning, three owners mentioned clearly that they do not follow their business plans too stubbornly if new opportunities, changes or challenges arise in a country, for example at a political level or in the competitive environment.

'It was actually beneficial not to follow the business plan too stubbornly, that we had perhaps made three years previously.' (HH, firm 01)

'So, this 'think global, act local' is certainly true. That gets to the heart of it, so I think that it is simply, with one phrase, really.' (JE, firm 04)

'You cannot just with…, with Germany being the axis of the world, but no, there are 100 ways to get from A to B, and if one accepts that, it is perfect.' (JE, firm 04)

'In India, the strategy was as follows: I knew I wanted to expand there, because there is a market.' (RS, firm 03)

'And, in Asia, which I have always been interested in, Vietnam was also my idea – to go there, to take the first steps, and China, of course, was also super interesting, where we, then, also have expanded strongly over the last few years, and where we have invested a great deal.' (SM, firm 14)

'Internationalisation certainly offers an advantage, as background experience, and as a radar. On the other hand, the German cost structure, and the labour legislation in Germany are more of an impediment. A disadvantage.' (SS, firm 17)

'Which means, essentially, strategic, long-term market development needs to be in your hands.' (JB, firm 12)

5.5.1 A systematic approach is important

In particular, those owner-managers who were also in charge during the period from 1960 to 2000 showed a highly proactive approach towards new international markets. Several of them explained that they approached new markets in a systematic way, identifying potentially attractive countries, conduction a careful analysis and finding the 'white spots' on a map.

Attending specific trade fairs around the globe had been of great importance during that time. In this respect that were events which were carefully selected by a majority of owner-managers. Being at the right place, having the opportunity to meet the right future partners and closing deals.

'[…], my father had a very structured way of finding the white spots on the map.' (PL, firm 15)

'And, therefore, my father attended a lot of fairs. And it was structured. Which means, he took a map, and […] he decided to look for partners, country by country – which he did, at local fairs, while visiting those countries. Hence, I would say, a structured scouting process, with, time and again, an opportunistic outcome.' (PL, firm 15)

'So far, trade fairs have been highly relevant, although we – it will stay that way in the international sphere.' (CR, firm 02)

'[…], have annual meetings with them, introduce new products to them and support them in finding new customers or at trade fairs.' (KP, firm 13)

'I would try a simpler approach for more remote regions such as São Paulo and Singapore, instead of starting with the big solution, so I would start small and grow from there. I wouldn't start with the whole overhead system and that would probably save a lot of time, effort and money.' (FH, firm 07)

'I would think about where it makes sense, where is there potential, where is purchasing power, with a purchasing power analysis.' (HH, firm 01)

5.5.2 Staying ahead in your own specific niche

An important aspect which is often been stated by such owners: They are market drivers. Four out of 17 are even world market leaders. And their goal is to keep their leadership positions. Meaning keeping their high-quality level and being the trustful player for their partners.

'We are still the market drivers, we are the global leaders in food colouring, and our goal is to maintain this lead.' (FH, firm 07)

'[…], and we are more in markets where engineering skill and advice are desired.' (JE, firm 04)

5.5.3 Future direction: the search for market potential

There are some owner-managers who are pretty much convinced about some specific regions of the world. Having in mind the knowledge about the retrospective, one owner-manager mentions: he stated Asia as an enormous growth-candidate.

There is a point mentioned by one owner-manager who states that the majority of his customers are in Germany. But their activities are around the globe and that brings also a firm, which is contributing to such global firms, back to the question of internationalisation and the demand to follow such firms throughout the world.

Some others are critical reviewing their doings and also their successes in international markets. Based on that and having their original plans or long-term perspectives in mind and as well a more traditional approach from Europe towards the USA, have questioned those directions and see their potential in the Asian markets, Europe and last in the USA. But certain this depends on the individual firms and their international status.

There is a certainty that 100% of the interviewees are seeing their future success and development options by far more in international and rather less in the national market. The approach to markets, especially those with subsidiaries has increased over the last years. And some mention clearly that this international strategy shall be followed throughout the next years. Asia is for many firms a very strong growing area, but also the identification of the South American markets is shaping the interest of owner-managers. Nonetheless one of the greatest challenges is to identify and to contemplate which country/countries will be targeted and where owner-managers see greatest potential.

'I would put a much stronger focus on the Asian continent from the start.' (KP, firm 13)

'Naturally, most of our customers are in Germany, yes, but the products are distributed worldwide, and/ which brings us back to the topic of internationalisation.' (MV, firm 11)

'Back then, our typical reaction would have been to try and grow in Switzerland, Austria, France, England or Italy, a more traditional approach, so to speak, of focussing on the European market and, if then we wanted to expand further, the USA would have been the next logical step. […], we had a traditional export approach – meaning Europe and the US. But now, I have clearly changed my view – Asia first, then Europe and maybe at some point in time, the US.' (KP, firm 13)

'The principal regions, naturally, are in Europe but also all the way to Indonesia, to the Asian area there.' (US, firm 09)

'I think, in future, the foreign markets will rather play a larger role.' (AW, firm 05)

'Today we have 12 subsidiaries, we are active in 70 countries, but I think we have 20 distributors on top, who take care of the different countries, and the trend is increasing.' (FH, firm 07)

'I think we should resolve to be among the top three players in at least 10-20 markets internationally, and I think we will achieve this if we continue the way we're going.' (JS, firm 10)

'We have a clearly defined strategy – we aim to grow stronger internationally than nationally and our core growth market is Asia, primarily China and South Korea.' (KP, firm 13)

'[…], our goal is to increase our brand presence in England, and in Russia, as well as in the Scandinavian countries. We have thought about this at length and performed a brainstorming session to establish, at the end of the day, where else we see ourselves

abroad, where to expect the greatest synergies, about preferences and requirements.' (NV, firm 08)

'I think we will keep focussing on the European and Latin American markets. Presumably, we will succeed in achieving greater depth in these markets, in the sense of diversifying the product ranges. I think we will refocus on markets with potential growth, which, however, given the political situation, is sometimes not very easy, in Turkey, for example, or Russia.' (PL, firm 15)

'Well, I think, the greatest challenge, at the end of the day, is to contemplate which country you would like to target, or, where you see the greatest potential.' (NV, firm 08)

5.5.4 The importance of personal presence, respect and trust

It is mentioned that not only quality, service and a Made in Germany are important facets. It is a very personal aspect of importance. In the opinion of the interviewed owner-managers, a majority believes that a secret of not having proper success is linked with the personal presence and the behaviour of owners in the international countries. How owners are seen and perceived by partners in such markets, it is a very valuable, perhaps one of the most important assets of a firm and enormous contributor to international success. In average more than 65% of the interviewees are every week travelling and visiting a country where they do have activities. Visiting partners, being part at presentations or openings of new properties/buildings, etc..

'I keep telling myself, if you do not live in the country, you should behave like a guest, which we do. So, I need to decide in advance whether or not I want to go there. And, if there are certain government regulations, in the country, I will have to accept them accordingly. So, politically, I would say, you should stay completely neutral. Since, you are simply not entitled to behave any other way.' (WS, firm 16)

'Personal presence is always important, which is a fact that will not change.' (WS, firm 16)

'Our sector still has a lot to do with trust, so personal contact is very important, because the vehicles are quite complex and if there is a problem, the vehicles need to be available at all times.' (JE, firm 04)

'That is why trust is important, but, and that is why we need to build relationships.' (JE, firm 04)

5.6 Internationalisation is perceived as complex, with multiple challenges

None of the sample of experienced owner-managers claimed that internationalisation was simple or straightforward – all were able to recount difficulties and challenges. Many owner-managers stressed the importance of learning from experience and were able to reflect on how their accumulated experience and learning had changed their perspectives.

5.6.1 The need for focus

Something that was mentioned by the majority of owner-managers is the need to focus and concentrate on specific countries, as opposed to a 'scattergun' approach to all markets where the firm might generate some sales. The reasons behind this include a scarcity of resources or the overall capabilities of the firm's employees. Several owners do see a large potential in additional countries but are conscious that they don't currently have adequate resources to be active in all those country markets. In other words, concentration is enormously important.

A point mentioned by the majority of the owner-managers is the fact that their firms have in the past underestimated the financial investment required to invest in a new market. 40% of the owner-managers admitted that they have personally misjudged this and, for example, commenced activity in a new market with too large a work force or an over-complicated set-up – in summary, too big and too inflexible.

> *'Certainly, the topic of resources. I must say that we are not able to use the potential and the opportunities we have, because we have really good products for many markets. We need to prioritise and focus, and the problem is the lack of resources. This also includes financial resources – of course we cannot invest everywhere, because investing in a foreign market, in particular when you have your own subsidiary, is also an investment that costs money.' (JS, firm 10)*

> *'However, if you, yourself, do not really know yet, which direction you want to go with your company, and it becomes too large, and you involve more people too soon, before you know how it is likely to develop, that is how we lost a lot.' (WS, firm 16)*

> *'So, creating the sustainability to successively build up a business requires lots of stamina, and you can't underestimate the financial effort either.' (CR, firm 02)*

> *'I would try a simpler approach for more remote regions such as São Paulo and Singapore, instead of starting with the big solution, so I would start small and grow*

from there. I wouldn't start with the whole overhead system and that would probably save a lot of time, effort and money.' (FH, firm 07)

5.6.2 What is the purpose of being internationally active?

Some owner-managers questioned the reasons for internationalisation, emphasising that the primary intention should not be of earning quick or easy money, otherwise the idea would be a dead end. Instead, the goal should be to make an impact in a new country, with an idea which makes a real difference in the market, otherwise internationalisation does not make any sense. Earning money is in that context a secondary motivation, but one which follows but is of course essential in the long term.

Several owner-managers said that training and education of their own employees is key. They also pointed out that foreign countries and their inhabitants are so different, that the approach towards training and professional development also needs to be different. For this reason, owner-managers should decide with their core personnel how education and future development options should be developed in specific regions and/or countries.

A fact is that a majority of the interviewed owner-managers, and their predecessors, went early into new country markets and did some pioneer work. It was the same whether that happened ten years or a hundred years ago. The key driver was and is: being the first! That includes certainly a higher investment in human resources as well financial ones. But for all the firms whose owner-managers were interviewed, that has paid off.

'By no means! I think, if one starts with the intention of making money, if anything is driven by monetary goals, then, the idea is dead. Then, the focus is completely wrong. On the contrary, I think, the idea needs to be ... there needs to be a willingness to have an impact. I have an idea, and, with this idea, I can make a difference.' (JB, firm 12)

' […], but one has to be involved in it. You cannot just with Germany being the axis of the world, but no, there are 100 ways to get from A to B, and if one accepts that, it is perfect. For instance, language, or…' (JS, firm 10)

'Naturally, we collaborate with local people who get annual training, and who have been instructed, and ... but, through service, and spare parts – first, we supply the spare parts, and, thereafter, we get the service done locally.' (WS, firm 16)

'It was also simply a matter of the pioneer work that was done there.' (WS, firm 16)

'Yes, well, in the days of my grandfather, it was more export-focused. I once saw some old maps, where they had marked the locations where we had installed systems. They were really spread all over the world.' (SM, firm 14)

5.6.3 Understanding and responding to country-specific challenges

There seemed to be a consensus among the owner-managers that recruiting local employees in new countries is very important to success. At first, a lot of German firms thought that they could handle all this from Germany and an agency model would be sufficient for successful market development. It is also true that there were owner-managers who started their approaches to international markets with the help of agencies, but sadly failed in the early days.

As previously mentioned, many of the sample firms were highly specialised market or technology leaders and, in those in particular, recruiting their own local personnel made sense in increasing the chances of a successful outcome. In different ways, owner-managers said that the human factor is still very important and also vital in building trust as well, so important to how they are perceived in the world, especially for example in the Asian markets.

Moreover, the higher the country-specific uncertainties are, for example taking into consideration economic conditions and political issues, the higher are the risks. An important aspect of this was emphasised by one owner-manager, who stated that he speaks openly with the country's representatives. He asks them if they have any doubts or questions and that it was important to tell him if they do not agree with things that have been mentioned or decided by him personally. The owner-manager added to this by saying that that people are very different across countries and if no one asks, that they will get the boss they deserve, and nothing will change.

In the early days of internationalisation, it was admitted by some interviewees that the firm had demonstrated a degree of naivety when they approached new country markets, in thinking that customers' needs are everywhere the same. One owner-manager illustrated that point by explaining that the firm had to learn that a French person generally prefers to buy from a French salesperson.

From the perspective of country-specific product regulations, there are frequently specific requirements which a firm has to fulfil. But apart from regulations, owner-managers repeatedly emphasised that to find out what is really needed in a country, they need to be personally present

in new country markets. Understanding differences in culture were highlighted as very important by the owner-managers. Knowledge of the local language is a door opener, as open-mindedness and willingness to become familiar with the culture were said to open hearts.

Apart from language and cultural differences, topics such as the challenges of searching for appropriate personnel were mentioned, specially finding the ideal local person who is interested, capable and willing to establish and successfully market the products of the German firm.

'I would say, you can see in the stats, that from the moment where you have your own subsidiary in the region, in a country, turnover has increased more significantly than previously. There is a sharp increase. That is easy to recognise, because these "own people" look after the business one hundred percent.' (HH, firm 01)

'What we have learned from the whole internationalisation, is that each land "ticks" a little differently, that you must engage yourself with the country. […] I would always try, in a foreign country, to have people in the office who grew up there.' (HH, firm 01)

'Then we started our business in the United States with a distributor. We did that for several years, but it did not work out. We learned a lot from that, because our products are so specialised, and they require a lot of explanation.' (FH, firm 07)

'[…], and it is similar in the Middle East, is that it is still a people business. It still has something to do with trust; the human factor is still important.' (JE, firm 04)

'That, especially, is also an issue, as they always think they know everything better in the headquarters. But that is sadly not the case.' (JS, firm 10)

'So, this 'think global, act local' is certainly true. That gets to the heart of it, so I think that it is simply, with one phrase, really.' (JS, firm 10)

'The challenges are country-specific, I would say.' (MV, firm 11)

'People, if you do not say anything, you will get the boss you deserve, and nothing will change.' (RS, firm 03)

'Especially in South America, which, back then, with regard to the environment, was adventurous. Economic conditions, too, even later, with inflation, political issues. Argentina is now recuperating, but investing, or doing business there has been almost impossible, for years.' (JB, firm 12)

'Yes, initially one is naive in the sense that one of course thinks that the customer needs are all the same, that's true. But the approach and the manner of doing business is

different. So, just one example: A French person likes to buy from a French person, not just a person who speaks French, but someone who is a native Frenchman.' (CR, firm 02)

'The first challenge is that you really need to be noticed in a foreign market. That means, via marketing, trade fairs and advertising, with manageable financial expenditure.' (CR, firm 02)

'For example, nobody knows what is going to happen in Turkey, if I can use it as an example again. Given the political situation, the market might collapse completely. Therefore, ultimately, it's too much of a risk, economically, to realise projects there. Exchange rate fluctuations definitely play a role.' (MV, firm 11)

'At least in our industry, I think that the proximity to the market and therefore also the cultural differences between the people, the requirements for different products in these local markets – that's something one only finds out if one is really on site.' (AW, firm 05)

'Well, in the past, initially, it was naturally language skills, and then finding the ideal local person who ideally also knew a bit about the packaging industry. Today the bottleneck, in our view, is the intensive search for personnel. So, finding the right personnel, because our business is also very people-oriented, and we need to find people who can successfully market our products.' (CR, firm 02)

'Under family spirit, we have defined three guiding principles: communicate openly and directly. We want to act with an open visor, which is very German – we want to be honest if something is not going well. That is difficult to do with other cultures, in particular the British culture, but we want to be open and direct, and the other cultures need to learn that.' (FH, firm 07)

'Not only to learn the language, but also the mentality of the people.' (CR, firm 02)

5.6.4 There is constant change

Owner-managers were very aware of the persistence of change, sometimes from day to day, and certainly not always in a positive direction. For this reason, a specific plan of action might become obsolete by tomorrow. Because of this one has to be flexible as well as resilient, both in the owners mindset, but also in the firm as a whole. This means that 'having the right people on board' does not simply mean people with specific skills but also the capabilities of being flexible enough, both as individuals and collectively. Beyond this, it is not only flexibility but speed of appropriate response to change that is essential.

All of this places a huge responsibility on the owner-manager, the management team and everyone involved in implementation. It is also essential that owner-managers have to be very well-prepared in their thinking about future challenges and making sure that firms are prepared for future possible change, both predictable and unpredictable.

'That there is constant change.' (NV, firm 08)

'The danger that I always see, and I have also observed it in other firms in recent years, and that they relax too much.' (HH, firm 01)

'The market is opening, and we will get more and more competitors, so it is getting harder. We can already see that, but we accept the challenge.' (FH, firm 07)

'In the future, we need to further people better and make them more flexible, so that they can get used to changes faster, and the university has people who are just as good, and there are still people who like to stay here and do not want to live in Berlin, Munich or Frankfurt.' (JE, firm 04)

'Well, first, a major bottleneck in terms of growth is always a lack of competent employees. Secondly, financing, of course. Since, we operate in a capital-intensive industry. And, a third criterion, ultimately, given the size of our company, is to maintain a stability that allows for the risk of taking such international steps.' (SS, firm 17)

'Well, I think, this tendency of short-term, medium-term orientation, and deadlines, to submit to reporting, which also includes the year ... only because the 31st of December happens to be the year end, the pure fact of aiming for a monetary goal, this year – that is totally irrelevant. What is important ... life goes on day after day, and we live in a world that is permanently changing. And only because I choose one year, and manage to achieve something, I cannot tell if it was good, or bad. Thus, I really think that development on a long-term scale, about contents, is the key.' (JB, firm 12)

5.6.5 The importance of learning

Most of the owner-managers had a clear view of the essential role of learning in entering and developing international markets, as well as in anticipating and responding to change, as discussed above. Several owner-managers acknowledged that that in some cases decisions were arrived at rather late or even not at all, because of the time necessary to research and understand a problem, so it was very important to be able to learn quickly.

One owner-manager expanded on this idea to discuss learning from mistakes and failures in a general sense, saying that ‘When failing you have to get up fast, learn it the hard way but proceed and try to develop on a different, higher level.’.

The implications for timescale of learning and response was highlighted by several owner-managers as an important issue. When things are going wrong in a country it is necessary to take the right measures and to stabilise the business situation over years. Several expressed a view that it is wrong to construct business plans ending on the 31st of December of each year. It was recognised that such endeavours take time, and that a firm has to accept losses and maintaining investments over multiple years, while ‘learning the fast way’ and reorientating their actions.

The challenge and importance for the future international business of finding appropriately skilled local employees has already been discussed. However, several owner-managers saw that issue in the broader context of internal training and development. For that reason, several firms have departments inside their firms which focus on the themes of learning and training, including developing specific programmes for their international subsidiaries.

> *'Not only to learn the language, but also the mentality of the people.' (CR, firm 02)*
>
> *'One should not make the mistake, I think, of taking on too much. I believe there is a lot of potential in the world, but one ultimately needs to ensure that the organisation can be managed. Or that one provides the resources as required. Given that, one shouldn’t try to do too much at once.' (AW, firm 05)*
>
> *'Learning the hard way.' (FH, firm 07)*
>
> *'Of course, we often reach our limits, for example in South America. The mentality is very different from ours and very strange to us. We have been trying to open a plant in South America for three years now, to start production there, and the local authorities give us grey hairs. Bureaucracy, different cultures, bribes – it takes the joy out of it.' (FH, firm 07)*
>
> *'On the other hand, I must say, five years ago I could, honestly, not have imagined conquering the French market with an online strategy. Therefore, you can say: well, good, we learned that the hard way. But then, to have had the philosopher's stone, to say, yes, online is an option ... well, I must honestly say, I would not have believed in that, five years ago.' (NV, firm 08)*

'I must just add something. In the foreign subsidiaries, we are a bit more flexible, of course. We are also willing to suffer losses and invest over several years, because the business cannot be built up over night.' (JS, firm 10)

'About employees, it will certainly be a major challenge, in the future, to find suitable skilled labour. That is why, to an increasing degree, we provide our own training. And, to have and to further develop a team that shapes and drives this growth.' (US, firm 09)

'Over a period of more than five years, maybe three different commercial agents, who, eventually, did not deliver what we had been hoping for. All of them, left scorched earth behind them at the end of the day, because we obviously could no longer provide the customer with any real guarantee, with a reliable contact point, etc. We definitely learned that the hard way.' (NV, firm 08)

5.7 A long-term approach and patience are important

Many owner-managers expressed the importance of a long-term view when pursuing an internationalisation strategy. This went hand-in-hand with the need for patience in achieving profitable outcomes and a recognition that continuing investment was required. In general, they believed that the best approach for successful German firms is with a long-term strategy. This was also relevant to financial goals: it was argued that it is much more relevant to concentrate on reaching an interim goal instead of focusing on the financial outcomes for one particular year.

It was mentioned several times by owner-managers that they were not pushing in the direction of earning quick money. Instead, their key goals were to develop 'proper' business relationships and a sustainable bond with customers, which required not only patience but accepting that there are different routes and ways to reach a long-term goal. Even if it is sometimes a bumpy journey and 'exciting' experience, two owner-managers specifically mentioned that they deliberately take a calm and long-term approach.

Several owner-managers said that that their firms' internationalisation strategy was planned with a long-term approach, even though they were very of the inevitability of change and the need for flexibility, as discussed above. One important factor was that their leading personnel, including local general managers who were leading subsidiaries in international markets, had typically been employed by the firm over many years and could understand and value this long-term view. This is not only important for the general long-term strategic approach to a new country market, but it is also important to building trust, both externally with customers and

internally with the owner-manager and the workforce. In simple terms, the fact that partners know that the current owner-manager or their successor will remain in post and stay reachable well into the future is also important for trust in products, services and ultimately in the firm as a whole.

A key point here is that long-term thinking tends to be a characteristic of multi-generational family firms, which are prevalent within the German Mittelstand. Only one of the respondents was the business's original founder and even in that case his son was already working in the business. All of the others had passed through one or more management successions, in some cases multiple times.

Several of the sample firms have developed very long-term relationships with international partners for technological reasons. One reason for this is that some industry niches tend to be rather conservative and developing a new mutual business relationship is only possible after some years. Moreover, once a partner firm is properly established within the new relationship it is more difficult to lose the customer, as the perceived costs (often called ‘switching costs’) of changing to another comparable vendor may be considerable. Also often mentioned was the importance of a long-term relationship with partner businesses, for the reasons just discussed but also because of long lead times and the sharing and development of technical expertise has been proven over many decades to be very valuable and the best approach.

Illustrating these issues, three owner-managers highlighted the fact that due to their business models they need to contract with partner firms over several years at a time, because of the investment that is required in the customer relationship. In these cases, the business operations have to be planned and executed over many years, one example being the development, production and delivery of special gases for customers.

Another owner-manager expressed the importance of a long-term perspective, not only to secure the future of the firm but also to ensure that jobs are secured for the local employees. This long-term approach to developing international business shows two interesting facets. On the one side, a driver is the minimising of risk. On the other side, it acknowledges the time required to building what is effectively a new business in a sustainable way. This requires not only long-term investment in relationships and trust but also ensuring surviving at a long-term. It is reasonable to argue that as a result of being in charge of the firm and as well being a member

of the founding family, an owner-manager is more likely to feel a responsibility for the firm's heritage and therefore to be both more risk-averse and more likely to think long-term than a manager recruited from outside the firm.

'In those days, there was certainly much more trust, not least of all because … we as a company have always been interested in a long-term collaboration, therefore we offer our partners a long-term collaboration, which allows us to get to know one another and value each other.' (KP, firm 13)

'Hence, I would say, a structured scouting process, with, time and again, an opportunistic outcome. Since, on those occasions, he was always looking for opportunities that might be a good match. And, in this sense, as a clearly medium-sized company, we really have long-term connections.' (PL, firm 15)

'It is a long-term commitment, very much so. Some of our customers have dealt with us for decades.' (SS, firm 17)

'Well, I think, this tendency of short-term, medium-term orientation, and deadlines, to submit to reporting, which also includes the year ... only because the 31st of December happens to be the year end, the pure fact of aiming for a monetary goal, this year – that is totally irrelevant. What is important ... life goes on day after day, and, we live in a world that is permanently changing. And, only because I choose one year, and manage to achieve something, I cannot tell if it was good, or bad. Thus, I really think that development on a long-term scale, about contents, is the key.' (JB, firm 12)

'Well, we/given the long-standing affiliation of the subsidiaries, we carry them into the different areas, through management. And, it also has to do with the selection of employees. Back to the examples of Brazil and North America, our managing director in North America has been with the company for 25 years, has gone through various levels, and has been manager for the last 15 years. The Brazilian, I think, has been with the company for 20 years, and has just taken over from his predecessor. There too, we enquire about the suitability of people at an early stage. And, naturally, they carry the culture that we impart, and our values into their company, which, in my opinion, is a very positive aspect.' (JB, firm 12)

'Our business is very technical, a concept that requires a lot of explanation. Lead times are very long, several months, or even years, sometimes. Which results in long-term customer relationships. The oldest one has existed continuously for more than 110 years. Hence, the approach of operating locally, with our own employees who have the required technical expertise, of course, has proven its worth.' (US, firm 09)

'We are essentially aiming – we never aim for quick money; rather we always try to develop a sustainable bond with the customer, which also lasts over years.' (CR, firm 02)

'Again, there are a hundred ways to get from A to B. There is a German way, they have a different way, and the Americans have a different way. But again, all others also have a different way too. And they partially have the same laws. So, much in Korea, China and so on is really copied from Germany 1:1. But the way one formulates oneself, how one deals with it, that is to some extent completely different.' (JS, firm 10)

'So, we have had some exciting experiences along the way. But at the end of the day, we take a calm, long-term approach.' (KP, firm 13)

'As I said, the food industry is relatively conservative. If it is in the formula and you don't make any big mistakes, you basically remain in, unless the customer decides not to sell the product anymore, for example if he chucks the Fanta off his shelves completely. However, if you are in e.g., in Haribo, and the colouring works, and you can still offer market prices, the customer will remain loyal to you.' (FH, firm 07)

'And in the meantime, it involves long tender processes for recommendations, and that also includes corporate social responsibility and all kinds of accidents at work need to be reported to Shell., That involves a lot of effort, writing quality manuals for Shell and so on. Once you are registered, it is a different issue.' (JE, firm 04)

'Well, you can sell industrial gases in different forms. If you have major buyers such as a steel plant, a chemical plant, you deliver the gaseous product, directly, from the plant to the customer, which we do through on-site plants that we set up on the customer's premises, and, practically, deliver the product directly to the client. In Spain, and, in the past, in Germany too, we also used to have major pipeline networks, or, several air separation units with connected pipelines, and the customers were connected on the other side. Which means, we had a steel composite network from Dortmund to Cologne, to which practically the whole steel industry was connected, and, in the Cologne area, the chemical industry too. The steel industry predominantly uses oxygen and argon and some nitrogen, and the chemical industry mainly uses nitrogen. We still have a similar setup in Spain. The next category of customers includes the liquid gas customers, because you can transport a considerably larger volume. You need to transport cryogenic gas in thermal flasks, in huge tankers. And, in these two sectors it is B2B business.' (SM, firm 14)

'The other companies are all listed on the stock exchange, so this is also a huge asset for our customers, because they know that if they have a problem they can call Mr. F., and whether it's now or in five- or ten-years' time, Mr. F. will probably still be here.' (FH, firm 07)

'The bottom line is that our goal, as a family business, is to act economically, and with a long-term perspective, in order to, at the end of the day, secure the future of the company, and, simply, to ensure job security for our employees.' (NV, firm 08)

'However, it is always the same, as a member of the management board, and a member of the founding family, one stands for consistency. That might be a bit different for a manager from outside. In this respect, I am, to a certain extent, responsible for building trust, and maintaining personal relationships.' (PL, firm 15)

'I think that a company can grow successfully if it has been positioned as international from the beginning. There are two reasons. On one hand, there is simply more of a market there, and on the other there is more security. If there is difficulty e.g. in a region, economic crisis, then you still have a few other countries where you can do something. And that is valid for Germany as much as for other countries. So it is advisable for a company that wants to survive in the long term, to internationalise.' (HH, firm 01)

5.8 Important to respect and understand the local market environment

A very widely shared belief of the sample owner-managers was that respect for the local culture, languages and practices in a foreign country was vitally important to successful internationalisation. They believed in being active globally but also acting locally, respecting and responding to the local conditions as well. One interviewee, while self-critical in encouraging the 'act local' approach, questioned some aspects of other German firms' behaviour who did not follow these principles.

A powerful message that could be derived by combining these points is that if a firm has insufficient interest in a given country and neither the capability and willingness of building knowledge about it, then it would be better to stay away. However, if firms have these capabilities and are prepared to enter a country with a long-term approach and remaining open and interested in learning in depth about its particularities, it is worth proceeding with that journey.

The following sub-sections focus on different aspects of what it means to 'respect and understand the local environment`, illustrated by quotations made by the interviewed owner-managers.

5.8.1 The importance of respect and acceptance of difference

A high proportion of respondents expressed a strong market orientation, in the sense that they stressed the importance of understanding every aspect of the local market environment.

An important point mentioned by a majority of the interviewed firms is that their international subsidiaries, and particularly the leading personnel in them, have a great deal of freedom to act. There are some broad guidelines provided by the headquarters, but in general there is a lot of devolved autonomy in the country markets.

It was mentioned several times by owner-managers that acceptance of differences and a respectful approach towards both local employees and customers is a valuable target. Moreover there is no single best way or universal German solution that can applied to the local context. There are several approaches possible, and a local approach has to be respected. It could be argued that humanistic and family values are the elementary pillars which have helped to build the success of German firms, both at home and abroad.

In some countries in the world political situations might differ greatly from what is experienced in Germany. For this reason, a great deal of tact is sometimes necessary. However, the approach should not be to try to change people, rather to accept the way they are living and acting. A golden rule was that if you are not native to that country, one should behave like a guest and politically one should try to stay completely neutral.

This is a reason that in such countries it is important that the owner is on site and personally involved, to allow him or her to experience the environment personally. An owner-manager has to make a first decision if the firm wants to be active in that environment and, if so, to take a lead in shaping the local market development strategy.

> *'What we have learned from the whole internationalisation, is that each land "ticks" a little differently, that you must engage yourself with the country.' (HH, firm 01)*

> *'On the other hand, it surely also had to do with a lack of knowledge of the Asian market. Basically, we needed the success momentum. So, once I try something and see that it works, my approach will change, rather than trying it and failing, which would cause me to fall back on old patterns.' (KP, firm 13)*

> *'Especially in South America, which, back then, with regard to the environment, was adventurous. Economic conditions, too, even later, with inflation, political issues. Argentina is now recuperating, but investing, or doing business there has been almost impossible, for years. That was very brave, at the time.' (JB, firm 12)*

'Thus, it was important to organise it, to ensure transparency, to get an overall picture, and to establish an understanding for the individual businesses. And, needless to say, they found discrepancies.' (JB, firm 12)

'That is, in my opinion, very fundamental. It must do with the understanding of customer needs, and with market orientation. Therefore, we firmly believe in ..., decentralisation, too – being close to the customers, and to the market, but, also, culture, employees, et cetera. All those factors simply point to it.' (JB, firm 12)

'And, if you ... simply based on the market, by accepting and understanding how the market operates, then contemplate whether there is an opportunity, and, if the answer is a clear yes, then it will work out.' (JB, firm 12)

'Since I, of course, have learned a lot. We are a specialist company, which means, we must convince the customer with our customised applications. And, that means, in each case, understanding a new environment, and to try to position ourselves in it. And, unlike conglomerates, former jobs, medium-sized companies, in practice, that means understanding oneself, yes. This/your own, precise, understanding of such applications, that is a prerequisite.' (SS, firm 17)

'Which means, I would not approach the country manager of France, who is responsible for the local distribution of the products of several business units and tell him how to do things.' (JB, firm 12)

'You cannot just with…, with Germany being the axis of the world, but no, there are 100 ways to get from A to B, and if one accepts that, it is perfect.' (JS, firm 10)

'We have humanistic values, and we do our best to treat each person as an equal, which is something that has very strong roots in the founding period'. To treat each other with respect, and, also, to distinguish, to say, we are all human beings, regardless of the hierarchical level, which is something that characterises company X.' (PL, firm 15)

'You need a great deal of tact, and you must not try to change the people, but rather accept them the way they are, and try to influence them in such a way that you reach a positive outcome. They have a very special mentality. There needs to be a motivation, people must see that the owner on site and is involved. I keep telling myself, if you do not live in the country, you should behave like a guest, which we do. So, I need to decide in advance whether or not I want to go there. And, if there are certain government regulations, in the country, I will have to accept them accordingly. So, politically, I would say, you should stay completely neutral. You are simply not entitled to behave any other way.' (WS, firm 16)

5.8.2 The criticality of personal presence

The emphasis given to developing a rich understanding of the local environment and treating it with respect resulted in many owner-managers stressing the importance of their personal presence in international markets. The majority of owner-managers agreed that being 'on the inside' and regularly visiting international country markets is a relevant element of success. However, it was also acknowledged that this kind of travelling is time-consuming and takes a lot of effort, meaning that it is also exhausting.

However, it was consensual that learning through personal experience in international markets is key to success. By this was meant much more than simply shaking hands but was about learning and developing understanding of the local people and how to act appropriately. It is about the realisation and acceptance that all countries are different and that one needs to be open about perceptions and views, not only in respect towards local customers, employees and partners but also for the owner-manager himself or herself.

Some of the interviewed owner-managers were travelling internationally almost every week, visiting their subsidiaries, being present for opening new facilities or buildings and visiting relevant customers - and of course shaking hands, but also to discuss matters, to praise and sometimes to reprimand. To work effectively, this requires motivation and commitment on both sides, i.e. among the owner-manager and colleagues and also among the local stakeholders with whom they are meeting.

Some owner-managers expressed the opinion that for earlier generations of owner-managers, personal contact was even more important than nowadays. The reasons for this were the relative ease and speed of travel and the possibilities offered by modern communication technology. However, they still confirmed the importance of personal contact, even though it is challenging and sometimes exhausting.

> *'Since I have somewhat withdrawn from foreign business, because it takes a lot of effort, with travelling and everything, I can see that it also has a bit of a negative impact, because people want to talk to the owner, because you always had fun together and understood each other very well.' (JS, firm 10)*

> *'If the owner is there once a year and shakes their hands and makes eye contact with them, and can establish a relationship with them, that is nice for the customers as well.*

Having a very close relationship with the customers certainly creates added value.' (FH, firm 07)

'That was when I realised one thing, and ... of course, that was our, country-specific, perception. Their mentality, however, does not allow a similar approach. They first want to get to know you.' (MV, firm 11)

'Well, customers open up once you get to know them better.' (SS, firm 17)

'However, it is always the same, as a member of the management board, and a member of the founding family, one stands for consistency. That might be a bit different for a manager from outside. In this respect, I am, to a certain extent, responsible for building trust, and maintaining personal relationships.' (PL, firm 15)

'My brother is like the minister of the interior, and I am like the minister of foreign affairs. You could say that I am the front man, for our partners on site, and for our customers.' (FH, firm 07)

'I am the one who, in the sense of a friendly uncle, as I sometimes call myself, with a wink, who seals it with a handshake.' (PL, firm 15)

'However, I keep saying, it is important to show your face once a month. Also, to be able to discuss matters, to praise and reprimand. There needs to be a motivation, people must see that the owner is on site and is involved.' (WS, firm 16)

'Of course, this was not the case previously, there one had – in some cases it used to be a bit different. Everything was certainly more about personal contact to certain planners, which then led to us getting assignments.' (AW, firm 05)

'So personal contact is very important.' (JE, firm 04)

'And, thinking about my work, to date, it is still very important to maintain personal relationships, to build trust.' (PL, firm 15)

'Personal presence is always important, which is a fact that will not change.' (WS, firm 16)

'I am rather like a tick, clinging to the client, so to speak. And that is why I am very client-focused, of course. And, if I am lucky, I might be able to sell the idea a second, or third time.' (RS, firm 03)

5.8.3 The importance of local employees

It was also widely recognised that local employees played a vital role. One reason was that they possessed vital elements of market and cultural knowledge. Another was a recognition that in

some countries there was a strong preference for dealing with fellow citizens rather than foreign nationals.

It was broadly welcomed by the owner-managers that local people employed as own employees play a very important role in their firm's success. Nonetheless, finding the right ones, who can fit comfortably into the firm`s culture and who responds to and reciprocates trust is sometimes challenging and may take a while.

The interviewed owner-managers trust very much in their local employees and do not interfere too much. There are certain guidelines from the headquarters, but the centre was careful to respect the autonomy of country heads and local general managers.

It was also acknowledged that a firm does not always need local employees. However, if the products become more sophisticated, another route to market is necessary and one should never forget that local customers very often expect and prefer a local point of contact.

The point was also made that, from a local employee´s perspective, a reason why a candidate may choose to work for a specific German firm in international markets is that they value what they perceive to be a specific culture. In addition to that, many learn from others in their social networks about how employees are treated.

> *'I would say, you can see in the stats, that from the moment where you have your own subsidiary in the region, in a country, turnover has increased more significantly than previously. There is a sharp increase. That is easy to recognise, because these "own people" look after the business one hundred percent.' (HH, firm 01)*
>
> *'And it turned out that personalities were the key to it.' (RS, firm 03)*
>
> *'But I was not sure whether that was very wise, and I wanted to find a better contact through whom we could get into those countries, whilst at the same time keeping a certain degree of control and leverage.' (KP, firm 13)*
>
> *'I truly believe in energy resulting from creative freedom, and from personal responsibility.' (JB, firm 12)*
>
> *'If you have comparably simple products, you can trade well with distris. If it gets more complicated, then you need an organisation.' (JS, firm 06)*
>
> *'Our customer expects to be provided with a local point of contact.' (MV, firm 11)*
>
> *'Because the French like to buy from French corporations in France.' (CR, firm 02)*

5.8.4 The importance of trust

The importance of trust was expressed by a large majority of respondents. As discussed in 5.9 below, it was recognised that the reputational associations of 'Made in Germany' play an important role in building trust. However, it was also appreciated that much more is required and that trust must be carefully built with stakeholder groups in every market. This was powerfully expressed by many of the respondents.

There were still several firms in the sample which do have no contracts with their customers. Several firms had been trusting their partner firms over many decades on an informal basis. Deals were often sealed in the past by handshakes, especially on the part of predecessor generations of owner-managers and those long-term informal were still very valued and respected by the current owner-managers.

For one of the interviewed owner-managers, trust was the most relevant word and he stated that his business is based on trust. He pointed out that in common with the airline industry, the food industry is one in which no surprises are wanted, and a reliable continuity of business has to be assured. The more specific and complex products and services become, more competence is expected, and higher levels of trust are necessary. The firm’s customers need to be assured that there is a reliable partner who can act if there is a problem with the product; in this case special vehicles and 100% availability is required at all times and around the globe.

One owner-manager explicitly claimed that while trust is one of the most important ingredients of success, in his business quality, reliability and service were even more so. Most of the owner-managers agreed that trust emerges and develops over years and that when a mutual trusting relationship has evolved, a customer-supplier relationship does not need to be questioned anew.

Most of the interviewed owner-managers have personnel, and especially leading personnel, who grew up over many years within the firm`s environment; often the managers have worked for several years in foreign countries. Here the trust element is very much appreciated. Another owner identified trust as of the highest value for a mutual business relationship. In his firm there are more than 5.000 employees, with numerous general managers of fully owned subsidiaries that are spread over the globe.

The firms of several of the interviewed owner-managers offered so-called ‘house credits’ to some partner firms, so that the risk was carried by the vendor. However, the owner-managers reported that on average well over 90% of these credits were repaid on time. Everything was based on trust.

It became clear that unless the firm can create a network of trustful relationships, a firm should think carefully about whether to stay in the country market. The general feeling among the owner-managers was that trust is one of the most essential assets for a firm doing international business, if not the most essential.

'And, as I said, we mainly sold equipment. And there was a great deal of trust involved. Much more trust than we have today.' (SM, firm 14)

'I: Can I then conclude that this trust and knowing certain people is very important to you? ()

R: Absolutely'. (AW, firm 05)

'If the trust didn’t exist, then we would, for instance, sell nothing at all in China.' (AW, firm 05)

'Absolutely. My father used to close many deals with a handshake, but that isn’t possible anymore.' (JE, firm 04)

'In those days, there was certainly much more trust, not least of all because … we as a company have always been interested in a long-term collaboration.' (KP, firm 13)

'The oldest one has existed continuously for more than 110 years. Hence, the approach of operating locally, with our own employees who have the required technical expertise, of course, has proven its worth.' (US, firm 09)

'Yes, trust is important. But one doesn’t win a deal by first building up trust and then doing business; rather, in the beginning, it’s the practicality, it’s the reduced consumption, it’s the better stability, it’s the reliable solution, it’s the presence at the customer’s premises. And then, trust can emerge over the years, and that is the ideal case, when the customer-supplier relationship is not questioned anew every time, because we are not a system supplier who supplies once and then never again.' (CR, firm 02)

'In the food industry, trust is the most important aspect of all. Our customers always tell us, company X, that we can do whatever we want to, but no surprises. We are expected to be able to supply products always; just imagine if a top brand can’t get any

colouring! That leads to great losses. Our customers appreciate the fact that we can always supply them. That also makes us successful in this market.' (FH, firm 07)

'Our sector still has a lot to do with trust, so personal contact is very important, because the vehicles are quite complex and if there is a problem, the vehicles need to be available at all times. If an airplane has to remain on the ground, it can get really expensive.' (JE, firm 04)

'We did that with a fresh youngster from Aachen, whom we knew personally. He used to be a professional basketball player there, and when his career ended, he didn't really know what to do. He was a great guy and we trusted him. We told him he was great and that he could come to us in Aachen for one year. We trained him for a year and sent him back to New York. He opened the subsidiary for us, and since then, he has been working for us in the American market, and he does it very well.' (FH, firm 07)

'I think trust is, overall, the most important asset. Not only if your partner is in Brazil, or far away, but in any form of collaboration, also on site, with the colleagues I work with. If I do not trust them, we cannot work well together, or maintain open dialogue. On the contrary, information will be withheld, you distrust each other, I question his intentions. I think trust is when people interact with each other, be it in business, or privately, that is the most important thing, to achieve something together.' (JB, firm 12)

'Well, I visit the subsidiaries/countries once or twice a year. Since, I think they need to do their job themselves. I cannot control it anyway. Maybe I simply have the ability to trust, more than others. Since, I know there is no other way to do it, even if was constantly on site. If they want to cheat me, well, that is always possible.' (RS, firm 03)

'We give credit. Most of the customers are insured, that is 98 percent of the turnover is insured. There is occasionally an exception, I do not know, perhaps five customers who are the exception. Then there is a limit, based on trust. In any case there is an exception in the project business.' (HH, firm 01)

'Even if one had had a big order and had agreed upon a letter of credit arrangement for the payment, if the client hadn't paid, the goods would have had to be thrown away, because nobody else could have used it. Everything was based on trust.' (RS, firm 03)

'I would say that it is absolutely the most important issue. You can try as much as you like, but if there is no trust, you can forget it.' (JS, firm 06)

'If I don't trust my foreign partner and don't believe that he is going to manage the turnaround, it's going to become difficult at some stage.' (JS, firm 10)

'And, thinking about my work, to date, it is still very important to maintain personal relationships, to build trust. Nevertheless, I think that highly trust-based collaboration used to be, and still is, invaluable.' (PL, firm 15)

'I: Is, in your business, if you think about it, with regard to present times, but, also, maybe, with regard to the early years, how important is trust in this game? ()

R: It is actually a very, very important issue.' (WS, firm 16)

'That is why trust is important, but, and that is why we need to build relationships.' (JE, firm 04)

5.9 'Made in Germany' is perceived as an important critical success factor

Each one of the owner-managers interviewed expressed the view that, for their firms, the 'Made in Germany' label had been an essential and relevant component of success in all international markets. This seemed to apply to most regions of the world, where German products are seen and stand for a high level of reliability and consistent quality. For various reasons the 'Made in Germany' label is highly valued abroad. There are more reasons for this than product quality and reliability. For example, some owner-managers claimed that it was believed that German firms have really good engineering capacities inhouse, employees are well trained and even the training programmes for job-starters are of high value.

However, it was suggested that the 'Made in Germany' label can best be seen as a very useful add-on, as owner-managers also stated that no one purchases the product and the service just based on that label alone. Nonetheless it has a very positive connotation around the globe and some firms make use of that by printing the country of origin on their products and highlighting this during participations in fairs. Some firms also show that they work together with other German firms and are helping and supporting each other. In some product sectors, for example the area of food and beverages where trust plays a very powerful role, the 'Made in Germany' is a particularly useful brand.

'It has surely become much more important again, in the last few years. So, 'Made in Germany' is very important.' (CR, firm 02)

'Especially important. In Asia, the label Made in Germany is extremely important, that's in China, Japan. For them, Germany is a brand label, in terms of values. It stands for technology, for reliability, for consistency, for quality. It is a label, yes!' (JB, firm 12)

'Made in Germany' has a different degree of importance, depending on which country we are in, but generally speaking it is an add-on. Nobody purchases our products based on that alone. Some countries have a higher affinity to that claim than others, but generally it is a positive connotation rather than a negative one. So, of course, we use it, either by printing it on the products or by making use of German cooperative stands on trade fair activities – and we visit a lot of trade fairs – where we present ourselves, alongside our partners, and thus highlight that we are part of a German community. We also cooperate with other German companies, and we help and support each other. We have a network of SME family businesses from the food and beverage industry.' (KP, firm 13)

'German products are usually assessed as technologically and technically good products, honest, respectable, credible, trustworthy – those are attributes you can use to your advantage'. (JS, firm 10)

5.9.1 'Made in Germany' as an element of competitive advantage

Most of the respondents mentioned 'Made in Germany' as a valuable component of their business's competitive advantage. One of them made a direct link between this and increased profitability but many others expressed the benefits of being associated with Germany as country of origin in different ways.

It is important that German Mittelstand firms strive to offer a very good and reliable product and/or service but most important is the perception of international customers. The label 'Made in Germany' is generally perceived very positively, being associated with excellence in detail design, performance and reliability. For this reason, production in Germany is a very important attribute when compared with international competition, differentiating the German build product and setting it apart from the other players in international markets.

Several owner-managers emphasised the importance of building something solid in international markets, recognising the advantages that the 'Made in Germany' label might convey. However, they emphasised the importance of living up to the promises made by the label and the recognition that this required a different level of stamina over the longer term.

'Made in Germany' is still something that is perceived very strongly.' (JS, firm 10)

'We usually get a 10% 'Made in Germany' premium.' (JE, firm 04)

'The label Made in Germany certainly is highly relevant.' (JE, firm 04)

'Regarding the label Made in Germany – I still think, German companies with their manufacturing mentality ... it is an advantage in terms of customer perception, which is, in my opinion, based on having an eye for detail and reliability.' (SS, firm 17)

'Well, it is a fact that Eastern European products simply cannot keep up, in terms of quality. And, given the fact that we practise agriculture ourselves there, people have seen the big machines, with their quality levels.' (WS, firm 16)

'I: Is it used with pride? R: Very much so.' (WS, firm 16)

'Due to the production of the parts in Germany – it's worth it to them.' (AW, firm 05)

'But, as a German company, and as a medium-sized German company in a foreign country, one certainly also needs a different level of stamina. So, creating the sustainability to successively build up a business requires lots of stamina.' (CR, firm 02)

'A very good German product, to set themselves apart from the rest of the market.' (CR, firm 02)

'However, it's still highly valued abroad, both in Scandinavia, as I have come to realise, and in Southern Europe. For whatever reason, ´Made in Germany` is a label that is very much valued. Yes, we try to do a good job, yes. We have good engineers. They are all highly educated. As for the Made in Germany imprint, so to speak, it's good/ it can only be good for the export business.' (MV, firm 11)

5.9.2 'Made in Germany' as a set of intangible assets

Closer analysis revealed that to the sample of owner-managers 'Made in Germany' was more than a simple reference to country of origin but was being used as a shorthand to express other ideas about sources of competitive advantage. These included a number of intangible assets that the respondents believed to be widespread among German businesses, including accumulated knowledge and experience, high levels of education, training and skills, embeddedness in the local community (many of the businesses are located in rural areas) and more.

These are all valuable assets, but owner-managers recognised that the most valuable were the accumulated beliefs of international customers: what they think and subjectively believe of German products. An owner-manager described an example from his own firm very clearly. They produce products in Turkey as well as in Germany and have to apply a 'Made in Turkey' label for regulatory reasons, even if they can guarantee the same quality as it would have if produced in Germany. Despite this, there are customers who prefer to buy the product from Germany

because they feel more comfortable with the ‘Made in Germany’ label, even if this costs more money. This example demonstrated especially well the value of the ‘Made in Germany’ as an intangible asset. Many of the sample firms promote their German heritage on their websites and deliberately use ‘Made in Germany’ in their communications and as an important element of the firm`s corporate identity.

'And produced and ‘Made in Germany’ means the customer also gets the expected quality, especially in terms of the breadth, length and strength he is paying for.' (CR, firm 02)

'We always notice that when we want to deliver products from foreign markets such as Turkey and must write 'Made in Turkey’ on them, due to regulatory reasons, even though we can guarantee the quality, people want us to deliver the products directly from Germany, even if it costs more. They are more comfortable about it. 'Made in Germany’ is very important and a significant competitive advantage that we should use.' (JS, firm 10)

'I think the European mentality, or the German mentality, is appreciated highly in the world. People think it is good that we are German, and the German way has a reputation of quality somehow.' (FH, firm 07)

'However, given the political situation, is sometimes not very easy, in Turkey, for example, or Russia. But, we can see that there is potential, and, there is an interest in German products. The same applies to Latin America.' (PL, firm 15)

'Like I said, they do not want any surprises. […], we are their only supplier, and that is a great sign of confidence because they usually have a supplier strategy as a brand, and if firm X says that we are their only supplier of colouring, that is a clear sign of confidence in us.' (FH, firm 07)

'It sounds stupid, but if there is a German engineer or service technician on site, he is more highly regarded than someone... Of course, they need to be able to speak English, but they are more respected if they are German. They buy "Made in Germany", so they do not want an Arab to provide the service. They trust the Germans more.' (JE, firm 04)

'Made in Germany, since 1805.' (KP, firm 13)

5.9.3 The need to live up to 'Made in Germany'

Some respondents gave voice to the idea that claiming Germany as country of origin also puts pressure on their businesses to continue to meet high expectations. Some of the sample firms are active in very specific niches and their customers want to have a very high-quality product

paired with an always constant quality. In turn, knowledge of this leads German Mittelstand firms to perform on a very high level, as customers do not want to be surprised by any lower kind of quality and want to feel secure in their choice of supplier.

Some owner-managers were self-critical, stating that from an external international perspective Germans in general are not seen as the most flexible, but German firms are nevertheless perceived as having a great understanding of their products. That increases the pressure on firms and owner-managers to continuously increase the added values of their products; products, services and knowledge therefore need to be higher valued than those of the competition at the international level. And even going one step further: service and training in international countries are very important. Taking new employees aboard in those new countries requires the firm to equip, involve and train them properly and monitor and instruct those, building a sound foundation which, when combined with the necessary tools and support, will lead to having more skilled workers.

Some critical voices mentioned the latest negative impact of problematic engineering projects like the Berlin Brandenburg airport or the railway station project Stuttgart 2021, which have become notoriously bad examples of cost overruns and delays in completion. Whether such huge engineering projects are harming the reputation of the German engineering skills is difficult to say (and is beyond the scope of this thesis). But nonetheless the label 'Made in Germany' was seen as still highly relevant by all of the interviewed owner-managers.

Awareness of these issues also has an influence on the manufacturing sites in Germany, where owner-managers also feel a pressure not only to secure jobs but also to continue investing in education and training, thus safeguarding the probability of future success.

All of the owner-managers mentioned that when planning to enter a new market, a truly innovative product/service offer is essential and a 'Made in Germany' label is not a guarantee of success. It opens doors but customer expectations and increasing competition in many country markets should encourage German Mittelstand firms to become even better. It is therefore a continuous learning and improvement process for reaching ever higher levels.

> *'And, therefore, for us, with the label Made in Germany, now, the crux is to come up with innovations here. We try to set ourselves apart through design, on the one hand, which means, we follow and pick up on contemporary fashion trends and try to*

interpret them within the context of the bathroom world. On the other hand, we really focus on innovations. For example, in the preceding business year, we entered a co-operation with the (XX) brand.' (NV, firm 08)

'Well, the bottom line is, we want to sell something, and, therefore, we need to win over customers. We, Germans, are certainly not considered the most flexible, but we are perceived as having a great understanding of products. And, we are seen as wanting to achieve greater added value, or a higher price. In this respect, our expertise therefore often ... well, results from helping customers develop something different, or better than what is available in other countries, at least in industries originating in Germany.' (SS, firm 17)

'Service, and training are very, very important. And, if you take people aboard, equip them properly, involve them properly, train them properly, monitor them, and instruct them properly, if you give them the necessary tools, they will be skilled, and they also want to be.' (WS, firm 16)

'The label Made in Germany certainly is highly relevant. But the label has developed cracks, so to speak, due to large projects that were messed up or badly managed. I mean Tegel (airport) and such projects, which have adversely affected the reputation of German engineering and project management skills.' (US, firm 09)

'We try, of course ... to communicate the origin of the product, because that is also a distinctive feature compared to other competitors that manufacture abroad or sell no-name products. That we still manufacture in Germany. That we, therefore, safeguard jobs. That we are a family business. That we, furthermore, represent certain values. I think there are various factors that account for our recognition.' (NV, firm 08)

'We are not self-proclaimed technology leaders - our competitors have confirmed it.' (MV, firm 11)

'To enter markets in which we do not yet have any brand significance, you really need a truly innovative product, right.' (PL, firm 15)

Chapter 6: Discussion and contextualisation of key findings

6.1 Introduction

Rousseau and Fried (2001, p. 1) paraphrase the word contextualisation as `linking observations to a set of relevant facts, events or points of view that make possible research and theory that form part of a larger whole´. Contextualisation of conducted theory would mean to ask the `how´, `by whom´, `which´ and `what´ questions – in this research which are salient experiences, what are appropriate strategies and leadership behaviours in support of internationalisation and what are the critical success factors? (Scott & Venkataraman, 2000; Zahra, Wright, & Abdelgawad, 2014).

Given the focus of this research on the direction and patterns of internationalisation of owner-managed firms of the German Mittelstand, it is evident that interest in the behaviour of the owner-managers is increasing in the academic literature. For example, Scott & Venkataraman (2000) show that specific aspects of owner-manager behaviour support or hinder international activities.

6.2 Patterns of Internationalisation: incrementalism, born global or personal?

The owner-managers interviewed revealed varied approaches to internationalisation across the histories of the sample firms. These approaches are discussed below in the context of the literature concerning internationalisation strategies, patterns and processes. For both researchers and business managers it is of interest to understand the early stage of firms' developments and of their internationalisation. Knight and Liesch (2016) declare that early in a firm`s history there are often tendencies visible that can help to explain why the pattern of firms follow one route or another.

In the preceding chapters we have discussed differing theories about patterns of internationalisation as well as numerous accounts of internationalisation in practice provided by the sample owner-managers. Many of these accounts related to gradual and carefully-managed initial expansion into neighbouring and well-understood country markets, reflecting the pattern of internationalisation known as incremental expansion or 'the Uppsala model'. However, these accounts were mixed with other stories of very different approaches to expansion, usually

involving early predecessors who followed their own interests, beliefs and preferences in exploring and developing more distant markets.

The ‘broader domestic market’ including Germany, Austria and Switzerland (collectively known as the DACH market) is the region within which the majority of the sample firms took their first steps of internationalisation. It was confirmed by all interviewees that those countries are still major contributors of turnover, including those with widespread international activities around the world.

Theoretically, this pattern of internationalisation bears out the idea that psychic distance, or perceived proximity and familiarity, is a strong factor in the choice of international markets to enter. Several authors characterise psychic distance as impediments towards information flows between countries, such as different levels of education, laws, languages, culture, etc. (Amdam, 2009; Hofstede, 2001; Johanson & Vahlne, 2009).

In a recent publication by Weissman and Barreuther (2022), the researchers suggest that German family firms tend to stick to their traditions and that they are not the most active ones in formulating disruptive pathways for internationalisation and digitalisation approaches. It can be better described as a step-by-step and regionally focused approach, where psychic distance plays a major role. Amdam (2009) reviewed internationalisation theory and investigated the example of Norwegian firms during the period between World War 2 until the 1980s. The research showed that ´firms tend initially to invest and expand into countries with a short psychic distance from the home country` (Amdam, 2009).

Amdam et al. mention that theory states as well that firms are internationalising by a step-by-step direction which starts in the home country by exporting via agents and subsidiaries which ultimately leads to production facilities abroad. Firms often begin their international trade in countries where the psychic distance is perceived as short – psychic distance referring to impediments facing information and trade flows between countries, like different levels of education, laws, languages, culture, etc. (Amdam, 2009; Brewer, 2007; Hofstede, 2001; Johanson & Vahlne, 1977; Johanson & Wiedersheim-Paul, 2017; Kogut & Singh, 1988).

As discussed in 5.2 above, this research found that psychic distance was a relatively important factor in the internationalisation processes of the sample firms. For these Mittelstand firms, the

other countries in the DACH market are of low psychic distance, because of geographical proximity, cultural familiarity and a common language.

However, other practical reasons for an initial focus on the German-speaking countries were mentioned by the owner-managers. One reason was that the shared language meant that product literature such as specifications, instruction manuals and information on packaging did not need changing. Moreover, there was sufficient similarity between the regulatory and legal systems to make it simpler and cheaper for firms to start their international expansion in the DACH market countries.

This step-by-step incremental approach could also be found in the interview data, showing that further international expansion took place into other countries in Western Europe. There were numerous accounts of entry into markets in this region, such as France, the Benelux countries, Scandinavia and Spain. The reasons for this were not generally discussed but were probably a mixture of psychic proximity and more practical reasons, particularly after the formation of the EU single market.

However, it is important to recognise that in parallel with this regional step-by-step approach from the DACH market towards other countries in Western Europe, there were numerous firms in the sample which expanded into other world regions at the same time. It should be acknowledged that not all of the owner-managers could recall how former generations acted or explain the specific reasons and decisions that brought those firms into other international markets outside Europe early in the life of their firms. However, there were also many stories of how predecessor owner-managers pioneered the entry into those markets, driven by perceptions of specific opportunities, chance encounters or the owner-manager's personal interests in some specific region and/or countries.

Morais and Ferreira (2020) and other writers compare and contrast the Uppsala (incremental) and the born-global (new venture) approaches to internationalisation. Whether any of the sample firms could accurately be described as ‘born global’ is doubtful, even though 15 firms of the sample of 17 achieved their first international sales in the first or founding generation and there were many reported accounts of predecessor owner-managers developing sales in South America, India and other more distant market that were also at a higher psychic distance.

Of the sample, Firm 7 could be seen as the closest to a born-global firm. The business did not realise an international turnover of a minimum of 25% of its total revenue within three years, as per the current criteria (Kudina, Yip, & Barkema, 2008; Moen, 2002). However, this benchmark was reached during the first 5 years. In comparison with the other firms in the sample, it went through a very rapid internationalisation process and now derives 90% of its revenue from international markets. It is now a global market leader and certainly qualifies as a hidden champion, if only a 'semi-born-global' firm. Another issue to consider is the year of foundation of the firm. Firm 7 was founded in 1978 and although it ranked as the fifth newest firm in the sample (along with two other firms that were founded in the same year), its first two decades were in the pre-internet age and in an era of much less effective global communications.

A closer look at the other 16 firms in the sample will now be useful. Sections 4.2 and 4.3 presented and discussed the key characteristics of the main sample and these were summarised in Table 4. At 217 years, Firm 13 was the oldest in the sample and developed in incremental steps (Wach, 2021), achieving its first international sales only in the 4th generation of owner-management. Not enough is known about its early years to explain this but given that it was founded during the Napoleonic wars and when the Holy Roman Empire was still in existence, this fact is perhaps not surprising. The first international sales would probably have taken place in the early years of the 20th century, which was a time that saw a high growth rate of German exports. A gradual reduction of psychic distance could be a reasonable explanation of why Firm 13 developed in that way (Evans, Treadgold, & Mavondo, 2000). Today, Firm 13 is a traditional and successful German Mittelstand firm which is strongly enshrined in the mindset of German customers, as is Firm 17 (which is 117 years younger), which also has the lowest international turnover of around 30% relative to the main sample.

Moving on to the rest of the sample, there is a cluster of 9 firms which could be grouped by approximately 50 years of trading and from 40-66% international turnover vs. total turnover. These were the firms founded during the ´Wirtschaftswunder` (the economic miracle). According to their current owner-managers, these firms seemed to owe their internationalisation success to careful selection of key channel partners and networks in the early stages of internationalisation, as well as other many factors that were discussed. These included a long-term view of objectives and investment, careful knowledge-building, the commitment and

presence of the owner-manager and the Made in Germany label, which was rapidly becoming more valuable at that time.

To summarise, the research highlighted the fact that there are multiple ways of reaching a high level of internationalisation. As the data have shown, a majority of the main sample followed an incremental approach in the early stages of the business's existence. However, there are undoubtedly firms in the sample that show some characteristics of born-global firms, including a deep-rooted commitment to internationalisation as strategically essential and a history of rapid and wide-ranging internationalisation.

We have not yet discussed in sufficient depth one of these factors that seems to have had an important impact on the direction of internationalisation, as well as its success: the thinking, beliefs, values and behaviour of the owner-managers. These issues will now be discussed in the following sections.

6.3 Internationalisation perceived as strategically important in its own right

In different ways, almost all of the sample owner-managers expressed a conviction that internationalisation was strategically essential, rather than only one form of growth strategy. In other words, the owner-managers were saying that internationalisation is important for any business and not simply a strategy to pursue when desired growth is no longer possible in the domestic market.

Evers, Gliga and Rialp-Criado (2019) argue that the strategic orientations of growing SMEs are of great interest and that a qualitative approach could contribute to a better understanding of motivation and roles of entrepreneurs. Schweizer (2010) makes a similar argument, confirming the need to research commitments towards specific regions and countries.

As may be seen in table 4 (section 4.2), all but two of the 17 sample firms began their internationalisation process during the founding generation of the family, including those firms founded in the 19th and early 20th centuries. Several of the current owner-managers believed that that it was especially their earlier predecessors who were directing and driving internationalisation and founding international subsidiaries. Current owner-managers in the sample added that while their predecessors were effectively driving internationalisation and

assuring a very innovative approach, the current owner-managers of the second or later generation were focusing far more on efficiency.

Several of the current owner-managers mentioned that a reason why their firm is internationally successful is that the firm was positioned in an international direction from the beginning. Reinemann (2019) supports this view, suggesting that that if a firm is positioned as international from the beginning, it assures a long-term approach and minimizes risk for their entire business. However, Tanev (2012) argues that from the literature it can be contested that there is a very strong desire to expand internationally from the beginning of successful firms and that being active in various countries is primarily a means to minimise country risks such as wars, inflation, political impediments, etc..

Hermann Simon's long programme of research into 'hidden champions' over more than a decade, and that of other researchers, concludes that firms which are internationally active are more likely to be consistently successful (Simon, 2007, 2009). Three of the owner-managers in the sample were aware of this finding and agreed with the conclusion, suggesting that this stream of research may have influenced their views and that of other sample members regarding the strategic importance of internationalisation.

Several owner-managers expressed the view that a firm cannot act everywhere with the same intention, meaning that investments in relation to a market's potential cannot be the same everywhere, so that focus is essential. One owner-manager clearly stated that his firm is focusing on 9 – 10 countries where he wants to invest more into resources and as well into marketing expenditure.

Audretsch, Lehmann and Schenkenhofer (2018) suggest that another powerful strength of Mittelstand firms is their willingness to provide high level support and training programmes into knowledge-intensive products or services in local country markets. Kudina, Yip and Barkema (2008) suggest that the aim should be that the firm is perceived as a premium brand by customers, having ensured that the most appropriate product portfolio for the country is in place. Kudina, Yip and Barkema (2008) suggest that a key differentiation factor is that these firms create an ecosystem around their clients. Clearly, this requires substantial investment, and that is yet another argument for focus in market selection.

6.4 Internationalisation was essentially proactive ('push') rather than reactive ('pull')

The majority of the interviewed owner-managers said that a proactive approach towards international markets was driven through their personal activities. The firms in the sample were pushing their internationalisation by acquiring business partners, promoting their products and services in specific industry fairs in dedicated countries, taking an active role in establishing business in new country markets and developing their local activities. Starbuck (1965) found that such international steps were not happening spontaneously but are the results of decisions, for which there were several causative factors. The owner-managers presented arguments for such activities, mentioning strategic approaches to start and develop business in new country markets, such as doing pioneering work, entering quickly but for the long-term and with the intention of doing careful searches for the appropriate partnerships.

This proactive approach towards other countries was in some cases also aligned with requests from customers, who wanted to have special firms close to their markets or even developing production in their countries.

On the basis of evidence from across the sample, the main driving force of going international was that all 17 owner-managers and/or their predecessors were pushing the internationalisation of their firms both proactively and personally.

6.5 Personal beliefs, preferences and actions of owner-managers

Most of the interviewed owner-managers demonstrated a very strong belief that internationalisation was of great importance to their firms and a similarly strong commitment to driving it forward. As discussed above, many of the owner-managers had multiple predecessors and they frequently mentioned their earlier activities in pursuing internationalisation. These stories may have been widely shared within the firms and become effectively part of their culture and they are likely to have served as role models for successive owner-managers but it was beyond the scope of this research to explore these possibilities.

Research evidence concerning the roles and influence of owner-managers in the literature is very limited. Several authors suggest that the personal characteristics of owner-managers and their roles play an important role and influence the direction of internationalisation (Hsu et al., 2013; Nielsen et al., 2022; Nielsen & Nielsen, 2011). Jones and Casulli (2014) acknowledge that an

experienced owner-manager, having learned through international experience and as well through network partners, helps to assess alternatives concerning international opportunities. Clarke et al. (2013) argue that through different experiences and learning in different countries, this results in a higher value of networks and knowledge. Schweizer (2012) supports this view, adding that this leads finally to a more rational and proactive approach by owner-managers.

In the same literature there is a high degree of interest in the role of owner-managers and also calls for further research at the qualitative level. Morais and Ferreira (2020) are two of those voices, asking for more research into the strategic role of owner-managers and the specific relevance of this for internationalisation.

Johanson (2020) highlights the importance of recognising the general psychological characteristics of owner-managers and understanding the implications of this for the Uppsala model and internationalisation theory in general. Karami et al. (2020) state that the involved actors of a firm are of great interest in understanding internationalisation. Jones and Coviello (2005) argue that there is little knowledge about the individual actors in these processes. In the opinion of Zander, McDougall-Covin and Rose (2015), questions remain unanswered concerning the role and contribution of entrepreneurs. Hennart and Slangen (2015) ask for more focus on exploratory rather than explanatory research and suggest that there is a lack of knowledge about how such decisions for internationalisation are made by owner-managers.

The findings from this study have shown that the personal preferences of owner-managers play an important part in entering and being active in specific countries. Several owner-managers detailed specific individual interests and personal networks and how they, but more often their predecessors, started business in several countries for personal reasons. Amdam (2009) points out that there is a need to include these personal networks as a relevant field of investigation. Johanson and Vahlne (2009) mention that in a network there are several independent actors who form part of a larger holistic one. Karami et al. (2020) agree that alongside the interest in the behaviour of key actors within firms, the relevance of networks for internationalisation is also important.

In particular, those owner-managers who were in charge during the period from 1960 to 2000 seemed to have exhibited a very proactive approach towards new international markets. Reflecting on the past, some current owner-managers questioned how their predecessors did it

and recounted mistakes they made. However, they also commented on how learning from these mistakes was valuable assistance in preparing for further internationalisation activities. Wach (2021) makes the point that international activities are based on learning experiences. Paul and Rosado-Serrano (2019) conclude that future direction of a firm has a lot to do with the accumulated knowledge of the entrepreneur, suggesting that these traits are learned through education or experience and/or observation. In this research, a substantial proportion of that learning from experience had probably been passed down from predecessor generations.

6.6 Internationalisation is perceived as complex, with multiple challenges

None of the sample of experienced owner-managers claimed that internationalisation was simple or straightforward – all were able to recount difficulties and challenges: Many owner-managers stressed the importance of learning from experience and were able to reflect on how their accumulated experience and learning had changed their perspectives.

This concurs with numerous authors who make the point that internationalisation is not necessarily a smooth, immutable direction of development (Johanson & Vahlne, 1977, 2003; Johanson & Wiedersheim-Paul, 2017; Welch & Luostarinen, 1988). McDonald et al. (2003) argue that German Mittelstand firms and their owner-managers taking steps towards internationalisation based on their management attitude, cautious on the one side, proactive on the other side. This is influenced by specific points of knowledge that has to do with prior experience or knowledge of entrepreneurs. Kudina et al. (2008) affirm that international activities are not easy and that a high level of market knowledge is essential.

Several owner-managers expressed their conviction that the aim of internationalisation should be to have an impact in a new country market with an idea that makes a difference over the long run. Earning money is in that sense a secondary reason, but as an outcome it is of course important. Otherwise, internationalisation does not make any sense. Several owner-managers in the sample expressed the view that the first challenge firms are confronted with in foreign market is simply to be noticed, so it is essential to think about various approaches to promotion such as attendance at fairs and advertising. As Romanello et al. (2021) suggest, visiting specific fairs and other events can be of great value in the early stages of developing a market.

A majority of the owner-managers interviewed, as well as their predecessors, travelled at an early stage into new country markets, and some did valuable pioneer work. As mentioned earlier, some of them acknowledged having made mistakes but learned from them, going on to explain that this learning included the need for greater investment, in human resources as well as financial ones.

6.7 A long-term approach and patience are important

In the opinion of owner-managers of this sample, a long-term perspective is an essential element of an internationalisation strategy. One reason for this is that there is much to learn from each new market, which takes time. This was one reason why they stressed the importance of remaining focused and disciplined when shaping the international approach. When discussing the long-term growth of business, Hagen and Zucchella (2014) comment on the importance of the ´openness` of a firm's owner-managers. The entire organisation needs to learn from each other, taking market opportunities into consideration and learning from customers. Long-term growth and success are dependent on sources of learning and the organisational situation and as well of innovative projects.

It was emphasised several times by owners of the sample that they were not pushing in the direction of earning quick money. Instead, their intention was to develop a network of ´proper` business relationships and a sustainable bond with customers. This requires being patient and accepting that there are different routes and ways to reach that goal, even if it is sometimes a bumpy journey and an exciting experience. Two owner-managers spelled out very clearly that they take a calm and long-term approach, not only to internationalisation but to all of their business activities.

An important hypothesis that may be drawn from the research findings is that long-term thinking tends to be a characteristic of multi-generational family firms, which are prevalent within the German Mittelstand. Successful German Mittelstand firms of the sample concentrate their focus on their customers, serving their needs within specific niches, through goals such as best product innovation, leadership in technology, having the best aftersales service, all based on a cooperative (family) business culture. And in respect to a long-term direction, contesting to strive identifying and focusing towards the highest values for their customers by providing custom-designed solutions (Simon, 1992; Venohr & Meyer, 2007).

The majority of firms in the sample do have long-term relationships with other businesses in the international sphere. Some industry niches are rather conservative and the start of mutual business may become possible only after some years, meaning that once a firm has accumulated a history of successful transactions with such a business, it is rather difficult to lose the customer or to be rejected by the other side. For the local business, the costs of switching to another vendor may be very high and the quality level provided by the Mittelstand firm is often not available from other providers. In these situations, firms tend to stick with the vendor for a very long time. Three interviewed owner-managers expressed the view that due to their business models they plan within horizons of multiple years and also that contracts between firms are sealed over multiple years, because the necessary investment and operations have been planned and executed over many years. The focus is on quality and innovation in close collaboration with their customers. Din et al (2013) mention that those firms try to control the whole value chain.

An important point is the fact that partners know that the current owner-manager or their successor will remain in post and is also reachable, today, tomorrow and in the future. This was seen as important for reliability and trust in products, services and ultimately in the German Mittelstand firm represented by the sample owner-managers.

As a result of being in charge for a firm as well being a member of the founding and owning family, the owner-manager stands for consistency. Without question, their position is different from a manager recruited from outside. Welter et al. (2015) argue that by focusing on a long-term approach an owner-manager builds personal relationships and also maintains a high level of trust.

For a firm with a long-term view, it makes sense to plan for internationalisation from the beginning. Several owner-managers pointed out that this doesn’t mean becoming at the outset a born global firm (Cavusgil & Knight, 2011). This international strategy shows two interesting facets: one of these is minimising risk through a focus on knowledge-building. The other is a focus on building up business, relationships and trust but also ensuring a balanced development of the firm and the resilience to ensure survival over the long term. These long-term perspectives were held to be crucial across the sample and the inherent values have to be lived by the owner-managers because they are based on the pervasive desire for continuity, stability and solidity (Hildebrandt & Neumüller, 2018).

Many firms demonstrated aspects of what Lehrer and Schmid (2020) term ‘strategic discipline’. For example, many respondents expressed the importance of a long-term view when pursuing an internationalisation strategy. This went hand-in-hand with the need for patience in achieving profitable outcomes and a recognition that substantial continuing investment would be required. This preference for a long-term approach seems to be widespread among successful German firms, whereby It is considered important to focus on reaching a long-term goal instead of just taking into consideration the monetary goals for a specific year. This widespread value is often expressed by the saying ‘life does not stop with the 31st of December’ – certainly interim ROIs are necessary, but reaching the ultimate goal within a long-term perspective is key.

Some of the interviewed owner-managers suggested that their firm’s internationalisation is programmed within a long-term horizon. This becomes particularly evident when acknowledging that leading personnel such as the General Managers of subsidiaries in foreign markets have typically not only been recruited locally but have grown up in the firm over many years. This is not only important for the general long-term strategic approach to a new country market outside Germany, but also plays a vital role in building trust among customers, employees and also towards the owner-managers and other personnel based in Germany. This is also important to long-term relationship with partner businesses, because long lead times and technical expertise over many decades have proven that this is best practice.

Hagen and Zucchella (2014) discuss the characteristics of entrepreneurs and management teams and within that context the ´openness` of the firms` founders. They then attempt to conceptualise the internationalisation processes that may derive from these characteristics. This openness can be seen as a kind of diversity in competencies, but as well it has to be differentiated between the different stages of the firms` growth. The researchers acknowledge that a rapid learning process in the organisation is important. Members across the entire organisation have to learn from each other, taking into consideration market opportunities and the learning derived from customers. Long-term growth and success are dependent on sources of learning and the organisational situation and as well of innovative projects. Hagen & Zucchella conclude that the contributions of the entrepreneur and the management team are very important to successful internationalisation, in addition to other relevant factors.

6.8 It is important to respect and understand the local environment

The interviewed owner-managers expressed very humanistic attitudes towards respecting the countries which they are entering and were self-critical as to how their actions could be perceived by customers and other stakeholders in those respective markets. They were therefore not only capable and interested in entering a country with a long-term approach but also open to and interested in the local country specificities, such as culture, language, history, institutions and more. In this way, the personal characteristics of owner-managers exert powerful influences on the direction of internationalisation and many aspects of its management (Hsu et al., 2013; Nielsen & Nielsen, 2011).

Driven by these inner convictions of their owner-managers, the sample firms focused on products/services which were the best fit to the specific needs of each country market. To be able to achieve this, a deep understanding of the market and competition are of fundamental relevance, not only for owner-managers but particularly for those who have a direct interest, such as product and marketing management.

In some country markets it is of even greater relevance to be familiar with all aspects of local culture. It can be seen as a learning circle and through understanding of the people and the environment. It is therefore necessary to reach a higher level of learning, but one never reaches a perfect understanding, so it must be a continuous process. Clarke et al. (2013) attest that through different experiences and learning in different countries, this process tends to result in a higher richness of both networks and knowledge.

Rastrollo-Horrillo and Martín-Armario (2019) emphasise the importance of employees within a cohesive organisation, which should be focused on from the inception of a firm, and that this potential of human resources should be created and developed during the early phases of the organisation’s life. it is important that the owner-manager and the management team think of the entire workforce as a reservoir of valuable knowledge and understand how their leadership roles will evolve over time.

Collectively, the interviewed owner-managers expressed a strong market orientation, in the sense that they stressed the importance of understanding every aspect of the local market environment. The wisdom and strategic direction have a lot to do with the accumulated

knowledge of the owner-manager. Paul and Rosado-Serrano (2019) suggest that those traits are learned through education or experience and observation.

An important point mentioned by a majority of the interviewed owner-managers is that subsidiaries and specifically their leading personnel have a great deal of local autonomy. There are some guidelines provided by the 'head office', but in general there is a lot of freedom to make decisions that is delegated to the country market level. Chhotray, Sivertsson, & Tell (2018) recommend a leadership style which fosters the recognition of those local market employees, as this local autonomy contributes greatly towards the success of a firm in the internationalisation process. Chhotray et al. recommend future research into depth of vision approaches and organisational layers.

Several owner-managers emphasised the importance of acceptance of diversity and a respectful approach to employees and customers in international markets, emphasising that there is no 'one size fits all' approach that can work for German firms. There are several approaches possible, and the most appropriate local approach has to be developed and respected. Kudina et al. (2008) acknowledge that those firms tend to position themselves around their clients like an ecosystem.

In some countries in the world, the political context might differ greatly from that Germany – depending on culture, behaviour and local values and attitudes, a great deal of tact is sometimes necessary. The aim should not be to change people, rather to accept the way they are living and acting, then to find an appropriate way to influence those behaviours and reach a positive mutual outcome. In such countries it is important that the owner-manager is on site and closely involved. An owner-manager therefore has to first make a decision whether he/she wants to be active in such an environment. Secondly, if one is not living in that country and not being a native one, one should behave like a guest and politically one should try to stay completely neutral. Accordingly, many owner-managers stressed the importance of personal presence in international markets. Moen (2002) confirms that the decision maker (the owner-manager) is enormously important for a global orientation.

However, it was recognised by the majority of the sample owner-managers that visiting international country markets and developing a personal presence there is only one relevant element of success, but they also acknowledged that this kind of travel is time consuming and takes a lot of exhausting effort. Ughetto (2016) argues that internationally experienced owner-

managers are a critical resource for their firms and are also vital for learning from best practice for the German Mittelstand in general, as well as for SMEs in other countries.

As emphasised by the sample owner-managers, learning from experience in the international country markets is key. Far more important than simply shaking hands is the understanding of people in the local market and how to act. It is about the realisation and acceptance that all countries are unique and shaping one's perception as well; not only in respect of the customers and other stakeholders in the country but also for the owner-manager himself or herself. Baronchelli and Cassia (2014) state that an owner can reduce uncertainty by focusing into markets where the required knowledge and experience already exist.

Some of the interviewed owner-managers were travelling almost every week. Either visiting their subsidiaries and being present for opening of new facilities or visiting relevant customers, and shaking hands of course but also to discuss matters, to praise and sometimes to reprimand. There has to be a motivation on all sides, for local employees and as well for customers; they have to see that an owner-manager is on site and involved in local matters. Interestingly, some owner-managers suggested that for earlier generations of owners, that personal contact was even more important than nowadays, because of technological change and the possibilities of modern communication devices.

It was also widely recognised that local employees played a vital role – one stated reason was that they possessed vital elements of market and cultural knowledge. Another was a recognition that in some countries there was a strong preference for dealing with fellow citizens rather than foreign nationals. It was broadly welcomed by the interviewed owner-managers that locally recruited employees play a very important and focused role in the success of a German firm. Nonetheless selection is sometimes challenging, requiring careful thought as to which candidates might fit into the firm`s culture and gain the trust of the owner-manager. García-Cabrera et al. (2017) show that such capabilities are key for strategic orientation, pace and scope.

The interviewed owner-managers showed a high level of trust in local employees and tried not to interfere too much – there were certain guidelines from the headquarters, but they had a policy of not interfering with the work of country heads and local general managers. Trust is therefore an outcome depending on the mutual level of knowledge, which could have a negative or positive impact (Amdam, 2009; Johanson & Vahlne, 2009).

Sample owner-managers suggested that a reason why local candidates for recruitment would choose a specific German firm in a country markets from an employee´s perspective, namely that they would be interested in the specific organisational culture and certainly the ways in which employees are treated. Audretsch et al. (2018) suggest that German Mittelstand firms prioritise the building and retention of human capital through education, training and other means such as internal training and more.

In the sample there were still several firms which did not have contracts with customers. Several firms had been trusting their market partners without a contract for several decades. Agreements were often sealed in the past by handshakes; especially by the owner-managers' predecessors and those verbally sealed agreements were still very much respected by the present generation of owner-managers. Nowadays almost nothing is possible without formal contracts. However, there are major differences around the world. Particularly for Chinese, Korean and Japanese customers, a strong base of trust is needed. Contracts are one thing but the key challenge is to find the best way to create a high level of mutual trust.

The need for mutual trust varied across sectors. One owner-manager confirmed the relevance of trust in explicit terms, saying that his business is based on trust. Like the airline industry, the food industry is one area where no surprises are wanted, and a reliable continuity of business has to be assured. Another sample owner-manager demonstrated why, as more specific and complex products and services are and more competence are expected, as higher the level of trust is needed. The firm's customers need to be assured that there is a reliable partner who can act if there is a problem with the product; in this case special vehicles and 100% availability is wanted at all times around the globe. Moreover, in this specific case of this firm, customers in the Middle East trust a German engineer more than an Arab one. Din et al. (2013) highlight the importance of a focus on quality and innovation in close relation with customers.

Most of the interviewed owner-managers had employees and especially leading employees who had developed over many years within the firm`s environment, often managers who have worked for several years in other countries. Here the trust element is very much appreciated. Another owner is putting trust as the highest value for the mutual business relationship. In his firm there are more than 5,000 employees and there are several General Managers of subsidiaries which all belong to the core firm and are spread over the globe.

Several of the interviewed owner-managers reported that their firms were offering so called house credits towards some partner firms, placing the risk on the side of the vendor, but it was stated by those owners that in average over 90% regularly paid back their debt, even sometimes when supplying a bigger order and there was an arrangement of, for example, a letter of credit. And if the partner hadn`t paid, the goods could have been thrown away because no one else could use them, so everything was based on trust.

To conclude: as shown in this section, trust is an important, perhaps the most important asset for a firm doing international business. And for current owner-managers it is still a very important task to ensure that personal relationships maintain in order to work on a high trust level. If there is not a trustful relationship existing or possible, a firm should think very carefully about how to proceed in a country market.

6.9 ´Made in Germany` is widely held to be an important critical success factor

As highlighted in section 5.9, a striking finding was that each of the interviewed owner-managers recognised the importance of the ´Made in Germany` label to their firms' success in international markets. All of them expressed the view during their interviews that for their firms the ´Made in Germany` label had been an essential and relevant component of success in most of their international markets. It was recognised by owner-managers that the reputational associations of ´Made in Germany` play an important role in building trust. It was also appreciated that much more is required and that trust must be carefully built with stakeholder groups in every market. This was powerfully expressed by many of the respondents.

This finding is particularly interesting, because country-of-origin branding is something of a neglected topic in the academic literature (Usunier, 2006; Usunier & Lee, 2012). To find confirmation of this, the researcher conducted literature searches using ´Made in Germany` as a search term, but this revealed remarkably little in terms of results other that an article that reflected on the way that this quality assurance mark had been endangered by the diesel emissions scandal (Gornig, 2017).

Audretsch and Lehmann (2016) suggest that while the ´Made in Germany` label lost its glamour during the decades of the 1990s and the 2000s, today the picture is different, as the prestige and influence of ´Made in Germany` has resurged. German firms stayed out of the business of low-

cost mass production, leaving this to the Chinese, although much of the capital equipment used in China comes from German manufacturers (Audretsch & Lehmann, 2016). In more recent years German products have come to be seen as champions on the global scale.

Audretsch et al. (2018) highlight the importance of the ´Standortpolitik` in Germany, which refers to specific regional (region/city/state) economic strategies designed to sustain a strong performance in economic terms. This contributed significantly to the fact that Germany has sustained a high degree of productivity, in the sense of output value per unit of labour cost, while other countries failed. Germany is consistently one of the most productive countries on a global level, despite the fact that its labour costs are high in relative terms but as argued by the authors, the relevant fact is the ´quality of labour` in manufacturing (Audretsch et al., 2018).

The same authors identify a number of factors that contribute to Germany's productivity:

a) For many years there were relatively modest wage increases in Germany compared with those in competing countries.
b) A high level of investment in training and education, most notably in the traditional German apprenticeship and vocational training systems.
c) A clear separation between working times and employees' private lives, contributing to a higher degree of work-life balance than in other countries, especially the USA.

Knowledge and innovation are thus fundamentally important drivers of German firms' competitive advantage and success in international markets (Audretsch & Lehmann, 2016; Lehmann et al., 2019).

Gornig (2017) confirms that for many years, Germany has had a positive reputation for manufactured goods and engineering quality. This has a long history and may have played a significant role in the rapid rise of German exports during the nineteenth century. This had an interesting side-effect in the UK, which increasingly saw the German economy as a potentially dangerous competitor. On the 23rd of August 1887 the British parliament officially advised the country that the ´Made in Germany` quality seal was intended to be a warning of for the British people of low quality (Gornig, 2017).

Furthermore Gornig (2017) adds while it is true that at that time the quality of German products was not consistently of high quality, successful efforts were made to achieve defined standards

during the twentieth century. Particularly during the aftermath of the 2nd World War, the ´Made in Germany` label became a significant contributor to the rise in German exports and the ´economic miracle` known in German as the ´Wirtschaftswunder`.

Mühlbauer et al. (2018) suggest that the symbolic value of ´Made in Germany` can best be used by firms if relevant elements and relevant characteristics of such products, are seen from the perception of customers as produced in Germany. This does not necessarily mean that an entire process from the planning of production until total realisation has to be fulfilled in Germany but that the product must be perceived as having 'German' characteristics. The authors argue that customers equate ´Made in Germany` with a high technical level and also a higher quality standard, so these characteristics must be significantly apparent to customers to justify a ´Made in Germany` label (Mühlbauer, 2018).

However, owner-managers were emphatic that no-one purchases the product or the service solely because it has a 'Made in Germany` label, which is best seen as a favourable and reinforcing add-on. Without doubt, there are countries which do have a higher affinity to Germany as a country of origin, such as some regions of Asia, but nonetheless it has a strongly positive connotation around the globe. Some firms act on this by printing it clearly on their products and highlighting this during participation in trade fairs, for example. Some firms go further, mentioning are part of a German community, working together with other German firms and helping and supporting each other. 'Made in Germany' is perhaps at its most helpful to firms in sectors where a high level of trust is essential. For example, trust plays a powerful role in the area of food and beverages, so in these markets the ´Made in Germany` label is particularly valuable in reassuring customers of a high level of quality.

6.10 The concept of strategic discipline

The concept of strategic discipline (Lehrer and Schmid, 2020) was introduced and discussed in 2.7.3. To briefly recap, Lehrer and Schmid configured this concept as embracing three dimensions of strategic behaviour: 'cultivating simplicity', 'not being provoked by short-term temptations' and 'being focused on implementability'. As explained in 3.8.10, because of its recency the idea of strategic discipline was discovered at a late stage of the data analysis but was immediately seen to be a valuable concept that, with some stretching beyond Lehrer and Schmid's original

conceptualisation, could be very usefully applied to a number of recurring aspects of the sample firms' internationalisation strategies.

As discussed in 6.7 above, almost all of the owner-managers emphasised the importance of a long-term commitment to new international markets in many dimensions, including investment in relationships, reputation-building, the employment of local people and the establishment and development of international subsidiaries. Although examples of alternative 'short-term temptations' did not occur in the data, the owner-managers and their predecessors clearly believed that a consistent long-term view was essential to successful development of an international market opportunity. In general, this seems to have paid off, as there were very few stories of withdrawal from markets and accompanying losses. It is recognised that the owner-managers may have preferred to discuss successes rather than failures, but the fact that all 17 of the sample firms were still very active in the international markets that were first to be targeted could be confirmation of the wisdom of this long-term strategy. A possible counter-argument is that this long-term commitment ignored the opportunity costs of not responding to 'short-term temptations' but this was not mentioned in any of the interviews.

In contrast, there Lehrer and Schmid's third dimension of being focused on implementability was clearly evident in the interview data, in which almost every owner-manager discussed multiple example of difficulties in implementation and the solutions that were adopted. This was probably enabled by the strong belief in the importance of personal presence in the market. Although owner-managers did not explicitly highlight the link between personal presence and implementation, this was implicit in their discussion of the benefits of personal presence.

Chapter 7: Conclusion

7.1 Introduction

Chapter 7 includes a critical evaluation and discussion of the outcomes of the research project. The following section (7.2) presents and critically evaluates the answers to the research questions posed in 1.4.2, which are repeated here for convenience of reading:

1. Which are the salient experiences of German Mittelstand owner-managers with respect to the internationalisation processes of their businesses?
2. What do German Mittelstand owner-managers say in respect to appropriate strategies for the leadership and management of internationalisation?
3. What are the critical success factors for the internationalisation process of German Mittelstand firms?

This is followed in 7.3 by a discussion of the contributions to knowledge that are outcomes of the research. 7.4 is a critical discussion of the limitations of the study, while 7.5 highlights some recommendations for future research that follows on from this study. Section 7.6 discusses the implications of the study for practitioners and for the practice of internationalisation. In the closing section (7.7) the researcher reflects on his doctoral journey.

7.2 Answers to the research questions

The three research questions repeated in 7.1 above are the final versions of those that were compiled at the outset of this research project and were gradually refined as the literature review progressed and the research design was considered in depth. They shaped the structure of the interviews, which generated a large volume of data, which, after a lengthy process of analysis, interpretation, reflection and discussion, has enabled the researcher to construct answers to those questions. In the following subsections (7.2.1 to 7.2.3) the answers are in turn presented and critically evaluated in in the context of the literature.

7.2.1 What are the salient experiences of owner-managers?

The owner-managers reported numerous experiences that they felt were important and contributed to their understanding of internationalisation processes. By re-reading interview transcripts and summaries, the researcher was able to identify one prominent example of the

salient experiences of each owner-manager (primus inter pares), which are summarised in Table 7 below.

7.2.1.1 *What do the owner-managers say/recall about their salient experiences?*

Salient experiences	
Owner-manager	**One of the relevant salient experiences of the dedicated firms**
HH, firm 1	`You have to act differently in various countries. Each country `ticks´ differently. You have to be engaged and work with `local´ people´
CR, firm 2	`Language is relevant and the mentality of the people. For international markets you need to have more patience and resources than you need in the national one´
RS, firm 3	`Preparations and the openings of new subsidiaries are done by me. In my opinion this is just feasible because of my enormous network´
JE, firm 4	`Sectors in which there weren't so many competitors, where German engineering skills were needed, where the value creation within the firm was substantial´
AW, firm 5	`First steps in international context was sales into Spain. After first experiences in Spain, the East played a relatively big role for the firm´
JS, firm 6	`If you respect that there are a hundred ways to get from A to B, you will be successful. Think global, act local is certainly true. That gets to the heart of it´
FH, firm 7	`The German mentality is appreciated highly in the world. People think it is good being a German company, and the German way has a reputation of quality´
NV, firm 8	`In present days own employees guarantee a proper setup for internationalisation´
US, firm 9	`Lead times are very long, sometimes several months or even years. This results in long-term customer relationships´
JS, firm 10	`When we founded own subsidiaries, the firm conducted very precise market analyses and considered which strategic approach to take in this foreign market´
MV, firm 11	`Focus of what are our strongest markets, and we approached them first and found suitable sales partners and build sales offices´
JB, firm 12	`It was not a planned expansion strategy, at the time, but rather, it resulted from general growth, opportunity and our relationships with those countries´
KP, firm 13	`I have always been interested in a long-term collaboration with partners, which allows the firm to get to know one another and value each other´
SM, firm 14	`For internationalisation flat hierarchies and a mordern approach of working in teams exist today´
PL, firm 15	`Countries where company X was present in the 60s, those markets are still relevant and some of the biggest countries of turnover generation in the portfolio´
WS, firm16	`Next to sales, it is an extremly service-intensive business; which means that local people have to be well trained and experienced´
SS, firm 17	`But much of the business partners do have a long-term commitment with the firm. Some of those customers have dealt with the firm for decades´

Table 7: Salient experiences of owner-managers; source: researcher

The table above shows only one of many interesting statements concerning their experiences for each of the sample owner-managers. A much fuller set of experience-based statements can be found in chapter 5. The interviews with owner-managers of the German Mittelstand firms have clearly brought valuable points of interest into the scope of the researcher. Several owner-managers have described how they have started or taken over the firm by the predecessor.

Learning is an important component and the greater the level of experiences of owner-mangers is, the better it is for approaching an international direction. It is an important value to think global and act local in the case of internationalisation and it is preferable to plan the international business (if possible) from the beginning of the firm. Evidence for this could be found in the respective sample with an incremental as well with partially a born-global direction. As higher degree of technical and engineering perspective is mandatory, as more focus is made on developing own employees in international markets, with professional training as key.

It is clearly confirmed by the majority of the interviewees that focus-oriented managers will always have a directed long-term commitment.

Successful firms acting on a global scale have flat hierarchies and have a modern approach to working in collective teams.

Some of those owner-managers have shown in the interviews that internationalisation is mainly focused and realised with their help. Some of those are guiding proactively the search and selection, the implementation and finally the entries into new country markets. This is possible through the existing networks of owner-managers but in addition, some other firms have dedicated employees who drive the implementation of internationalisation.

As well it became evident that those firms of which some existed already before and others shortly after the 2nd World War, participated in a circumstance of enormous interest and request from other countries around the world. It can be stated that all owner-managers or their predecessors pushed actively the internationalisation process, but it can be stated that the effect of the ´Wirtschaftswunder` fostered and strengthened the internationalisation process.

The researcher comes up with the expression ´legacy markets`. This expression does not exist in literature. By this he means that in the presented sample firms, owner-managers have inherited countries or region in the world, where the firm is active. And it does not matter if it has been

one or several generations before. German Mittelstand firms have stayed in their most relevant countries or regions in the world for a very long time and future generations of the firm have, until today, not made any major steps to pull back from those major countries or regions. As well all firms of the main sample are still in their geographic region where they were founded.

What owner-managers experienced and learned over those years of experiencing situational aspects of various international countries is the motivation to focus and not being distracted. On top focusing on the most important markets and being critical with the setup of products and services which are offered in those countries. Nowadays market analyses are urgent, but it leads often to a right strategic programmed direction and pays off.

In the experiences of those interviewees they see surpluses with a label ´Made in Germany` and as well with the German mentality which is aligned with the reputation of quality.

The majority of the sample participants described that acting as an owner-manager one needs to have more patience when being active in foreign markets. Culture, language and mentality are very important factors of success. And not just only this: It is as well respect. Respect to a country, respect to the people. And various international mentioned experiences are part of a strategic direction, perhaps a kind of a strategic discipline. It gives proof why internationalisation is an important strategic element for future success.

7.2.1.2 ***Recap: What does the literature say?***

In general, the literature underpins those experiences related by owner-managers. As presented in chapter 6 and already in the literature review there are several aspects which foster the individual experiences of those interviewees.

Berlemann et al. are stating that the role and commitment of owner-managers are relevant of being successful in rural areas and for internationalisation (Berlemann & Jahn, 2016; Boyd, 2010; Eddleston et al., 2008; Simon, 2009; Sirmon et al., 2011).

Johanson (2020) and Johanson & Vahlne(2003) confirm that networks are important, as are information and decision modes as well. (Child & Hsieh, 2014) come to the conclusion that a ´nexus between decision mode, information and network attachment concerning the international perspective appears not to have been previously articulated by scholars`.

Coviello et al. say that the knowledge and understanding of entrepreneurs, behaviour and participation of internationalisation is of great interest (Coviello, 2015; Jones & Coviello, 2005). Sarasvathy et al. (2014) conceptualise the entrepreneur as a kind of package of knowledge, networks and identity and argue that having such understanding may lead to answers to the questions surrounding speed and mechanisms as well of gaining a deeper and profound understanding of internationalisation.

Ughetto (2016) comes up that international experienced owner-managers are a surplus and are also relevant for learnings as best practices for the German Mittelstand on a qualitative level. Chhotray, Sivertsson, & Tell (2018) explore in their research the role of leadership, as well as vision and empowerment, recommending a leadership style which fosters the recognition of those employees. Autonomy of employees leads and contributes towards the success of a firm in the internationalisation process. An egalitarian leadership style is a relevant base for future success of an international firm. Employees appreciate the trust which they receive from the entrepreneurs/managers.

Many firms demonstrated aspects of what Lehrer and Schmid (2020) term ‘strategic discipline’. Duran et al. (2016) talk about the respect for a long-term direction, while other authors (Duran et al., 2016; Simon, 1992, 2009; Venohr & Meyer, 2007; Welter et al., 2015) mention the importance of identifying and focusing on offering the highest value for their customers by providing custom-designed solutions, where the customer is seen as an important pillar of innovation.

7.2.2 What do owner-managers say in respect to appropriate strategies?

The researcher approached the question towards appropriate strategies of owner-managers in the same format as subsection 7.2.1. It is a very broad field of relevant views by owner-managers. In this subsection it will not be focused towards incremental or born-global approaches. Explicitly the specific appropriate directions and strategies of owner-managers are of interest. Major focus will be laid to the inputs of sections 5.5-5.8.

It should be noted that sometimes it was not so easy to differentiate or interpret the wordings of owner-managers as to whether it was intended to be a recommendation of an appropriate strategy or was intended to be understood as a critical success factor. The researcher always

tried to the best of his knowledge and beliefs, and taking side notes of those interviews into consideration, to allocate it into the correct category. However, it could be that an owner-manager experienced and learned something in the past. Those sample owner-managers might see their active participation as an appropriate strategy how to act in the context of leadership and management and as well it might be a very interesting and critical success factor in the overall context of this thesis.

7.2.2.1 *Recap: What do the owner-managers say/recall of appropriate strategies?*

Appropriate strategies	
Owner-manager	**One of the relevant appropriate strategies of the dedicated firms**
HH, firm 1	`I think that a firm can grow successfully if it has been positioned as international from the beginning´
CR, firm 2	`We are developing a concept, deciding how many people we need, how it should be established, and especially how we should lead the team in that country´
RS, firm 3	`I drive the firm from a component perspective towards a problem-solving competency; otherwise one is easily replaceable´
JE, firm 4	`Because our vehicles are even becoming more complex, we stay in the future even more in direct exchange with the customer for knowledge transfer´
AW, firm 5	`I think it is the obligation of every businessman, to repeatedly review and improve the products. The firm wants to play a leadership role, be a trendsetter´
JS, firm 6	`In my opinion really focused firms are the better ones. Rather do less, but to do it properly and afterwards worldwide (country by country approach)´
FH, firm 7	`With a chance for internationalisation I would try a simpler approach for more remote regions instead of starting with the big solution. Start small and focus`
NV, firm 8	`As a family business, I act in a long-term perspective, in order to secure the future of the firm during an internationalisation process´
US, firm 9	`The group of companies has established a strategic process and is working on a long-term focus of up to 10 years into the future´
JS, firm 10	`I am willing to suffer losses and I invest over several years, because the X-business cannot be built up over night. For internationalisation there has to be more focus´
MV, firm 11	`If there are critical reasons (technological, political, etc.) in a specific country, a good owner decides as well in last instance for an exit strategy, if necessary´
JB, firm 12	`I believe that the guiding principle needs to be the big, long-term, content-based goal. And, not at all ... yes, monetary aspects are secondary´
KP, firm 13	`We aim to grow stronger internationally than nationally and the core growth market is Asia, primarily China and South Korea. Asia first, then Europe´
SM, firm 14	`The firm has always entered the market relatively quickly, at a very early stage, and we have done pioneer work´
PL, firm 15	`Markets are diverse, firm X rather focuses on growing faster in the countries where we already have a foot in the door, meaning that our brand is known´
WS, firm16	`A respectful approach brings success. When politics are involved, I try to maintain a neutral position. I am a foreigner, one has to behave like a guest´
SS, firm 17	`Due to the high recognition and importance of international fairs, the focus will also be of being present on selected and focused fairs in the future´

Table 8: Appropriate strategies of owner-managers; source: researcher

The table above shows one interesting appropriate strategy remark per owner-manager. Nonetheless the total effect of valuable additional strategies can be found in chapter 5.

In being reflective concerning their business plans, three owners mentioned clearly that they do not follow their business plans too stubbornly. If there are opportunities or changes on e.g. political level or precise challenges in a country.

To drive internationalisation on a strategic level it is mandatory that market developments on a long-term perspective stay in the owner-managers` hands. Many respondents expressed the importance of a long-term view when pursuing an internationalisation strategy. This went hand-in-hand with the need for patience in achieving profitable outcomes and a recognition that continuing investment was required. The need for a long-term perspective was expressed by almost all of the sample owner-managers, in different ways, confirming one of the main conclusions made by Lehrer & Schmid (2020), who identify a long-term view as a major component of their newly-coined concept of ´strategic discipline`.

An important aspect which is often been stated by such owners: Their firms are market leaders and four out of 17 are even world market leaders. And their goal is to keep their leadership positions. Meaning keeping their high-quality level and being the trustful player for their partners. Several ones stay or are being active in such countries where a high demand towards engineering skills and consultancy is desired.

Without question, all of the interviewed owner-managers saw their firms' future survival, financial success and development as more likely to derive from international markets than in the domestic market. The emphasis on international markets, especially those with wholly-owned subsidiaries has increased over recent years, and some mentioning clearly that this international strategy would be followed throughout the following years.

Concerning the approach of an international footprint: sample owners stating that it shall not be the primary intention of earning money. Otherwise the idea is dead. The goal shall be to have the ´willingness of having an impact in a new country`. With an idea which makes the difference. – Earning money is in that context a secondary reason, but which follows and also is of great interest. Otherwise internationalisation does not make any sense.

A fact is that a majority of the interviewed owner-managers went early into new countries and did some pioneer work. It does not matter if that happened ten years or sixty years ago. The fact was and is: being the first! That includes certainly a higher invest into human resources but as well financial ones. But for all interviewed ones, that has paid off.

In some specific countries it is even more of relevance to be very much familiar with the peoples´ mentality. It can be seen as a learning circle and through understanding of the people and the environment. You have to reach a higher level of learning, but you never reach a perfect understanding; continuously it has to be followed and questioned stated by the sample owners.

A high proportion of respondents expressed a strong market orientation, in the sense that they stressed the importance of understanding every aspect of the local market environment.

An important point mentioned by a majority of the interviewed firms is that subsidiaries and precisely the leading personnel in subsidiaries have a great deal of freedom. There are some guidelines by the headquarters, but in general there is a lot of autonomy in the countries.

7.2.2.2 ***Recap: What does the literature say?***

The owner-managers are saying that internationalisation is important for any business, not simply a strategy to pursue when desired growth is no longer possible in the domestic market. – It is seen as an important strategic element. Schweizer et al. (2010) mentioning that this is especially important with a future perspective and a commitment towards specific regions and countries.

There are examples of firms (section 5.4) which positioned and focused internationalisation at a very early stage. Owners mentioned that they are convinced that they are internationally successful if the firm is positioned in an international direction from the beginning. From the literature, like stated by Tanev (2012) it can be contested that there is a very high and fast desire to expand internationally from the beginning of successful firms. Reinemann (2019) adds that this minimises country risks (like wars, inflation, political impediments, etc.) to follow diversifications. It increases the potential for `more´ market and offers that products and services to a bigger base of potential customers are positioned at an early stage, it assures a long-term approach and minimizes within that direction the risk for their full business. Kudina et al. (2008)

emphasise that firms trying to position themselves around their clients like an ecosystem. This guarantees a better and right product portfolio in the most important markets. – Less is more.

Hennart and Slangen (2015) are asking to come up with more focus towards exploratory rather explanatory direction and there is a lack of knowledge how such decisions for internationalisation of owner-managers/entrepreneurs are made. Knight and Liesch (2016) mention that in the literature there is an urge towards the knowledge at an early stage of firms and investigating into possible adaptations of internationalisation.

McDonald et al. (2003) argue that German Mittelstand firms and within that owner-managers are taking the step towards internationalisation based on their management attitude, cautious on the one side, proactive on the other side. Kudina et al. (2008) question the prior experience or knowledge of entrepreneurs. International activities are not easy and a decent knowledge is recommendable.

Briscoe et al. (2012) state that there are often a number of reasons for deciding to make the move into international activities.

Gharpure (2011) mentions that by all focus and narrowing towards new and international markets, dedication especially towards the customer is key of success in an internationalisation process. Romanello et al. (2021) confirm that visiting specific fairs and strategic events are of great interest in the beginning. In the opinion of the researcher it has to be questioned in which industry the firm is active and if such fairs make sense. For B2B focused firms it certainly can be confirmed.

Welter et al. (2015) show that a key point is that long-term thinking tends to be a characteristic of multi-generational family firms, which are prevalent within the German Mittelstand. Characteristics of firms like responsibility towards employees, long-term approaches and trust into competence and reliability, German Mittelstand takes unconsciously part as a societal function.

Chhotray et al. (2018) recommend of approaching a leadership style which fosters the recognition of those employees. Autonomy of employees leads and contributes towards the success of a firm in the internationalisation process. The researchers emphasise on future research into depth of vision approaches and as well into organisational layers. An egalitarian

leadership style is a relevant base for future success of an international firm. Employees appreciate the trust which they receive from the entrepreneur/managers.

7.2.3 What are the critical success factors for internationalisation?

As already depicted in subsection 7.2.2 the delimitations between the owner-managers experiences, appropriate strategies and critical success factors are sometimes pretty close to each other. Additionally there can be found a bigger number of relevant facets in chapter 5.

There are clear tendencies after reviewing the entire thesis that there are three major directions of high interest of critical success factors: ´Made in Germany`, ´Direction and discipline` and ´Behavioural characteristics like trust and commitment` of owner-managers of the German Mittelstand. There are additional critical success factors which qualify the arena for valuable facts and substantiates a positive direction of internationalisation (primus inter pares).

7.2.3.1 *Recap: What do the owner-managers say/recall of critical success factors?*

Critical success factors	
Owner-manager	**One of the relevant critical success factor of the dedicated firms**
HH, firm 1	`I see risks like `that a firm relaxes too much´ or `that a firm holds onto it for too long´. Stay focused, stay flexible as the owner and also being critical´
CR, firm 2	`Creating the international sustainability to successively build up a business requires lots of stamina, and you can't underestimate the financial effort either´
RS, firm 3	`The systematic approach is in my opinion (towards appropriate strategies) an enabler and this kind of perspective is mainly driven by German firms´
JE, firm 4	`Point of success is innovation and trust in our niche, so personal contact is very important, because the vehicles are quite complex and being available 24/7´
AW, firm 5	`Trust and knowing certain people is very important to my firm. Without trust in those German products, then the firm would sell nothing at all in China´
JS, firm 6	`There are 100 ways to get from A to B, and if one accepts that, it is perfect. When I take decisions of entering into new countries, courage is an important attribute´
FH, firm 7	`Our firm is a global family now, not only because it's a family-owned firm, but because we value the global family. And do not allow to lose the pioneering spirit´
NV, firm 8	`For a premium and lifestyle brand, which is fashion-oriented, and here in Berlin, I see a Made in Germany as very valuable for internationalisation´
US, firm 9	`I am a very self-critical person. A good international business culture and job objectives are a must. They have to be lived and communicated´
JS, firm 10	`You have to accepted losses. I still believe in my people and our partners. I know what they are doing in foreign countries for my firm. Trust is essential´
MV, firm 11	There are differences in mentality and you have to respect this in the interest of being successful in other international markets´
JB, firm 12	`Setting up a new international business requires other skills, another mind-set. You need to have the capacities. I think trust is, overall, the most important asset´
KP, firm 13	`We have a very high quality. We value this by our claim `Made in Germany, since 1805´. Being a premium vendor from Germany is perhaps the most relevant point´
SM, firm 14	`Belief and trust help of building international business. Trust and gut feelings are relevant for decision making´
PL, firm 15	`It is very important to maintain personal relationships and to build trust for international success. A highly trust-based collaboration is invaluable´
WS, firm16	`My personal presence is always important, which is a fact that will not change. It is important that I show my face once a month´
SS, firm 17	`As the owner you have to be close with your customers and especially with your employees. Cultural and country specific adaptation is a relevant factor for me´

Table 9: Critical success factors of owner-managers; source: researcher

In the opinion of the interviewed owner-managers, a majority believes that a secret of not having proper success is linked with the personal presence and the behaviour of owners in the international countries. How owners are seen and perceived by partners in such markets, it is a very valuable, perhaps one of the most important assets of a firm and enormous contributor to international success. It is mentioned several times by owners that they are not pushing in the direction of earning quick money. It is intended to develop a ´solid` business relationship and a sustainable bond with customers. And it means as well of being patient and accepting that there are different routes and ways to reach the goal.

The intention for successful firms is mentioned by several owners, that trainings and education of their own employees is key. Countries and their inhabitants are so different, that also the approaches towards trainings and professionalism shall be adapted to the needs of the country. Owners should decide with their core personnel how education and future development options do look like and are developed in specific core regions or countries.

Long-term direction and commitment of the owner-managers go hand in hand. Many respondents expressed the importance of a long-term view when pursuing an internationalisation strategy. For this the sample owner-managers mentioned that the need for patience in achieving profitable outcomes and a recognition that continuing investment is required. An approach for successful German firms is at a long-term scale. Firms which want to be successful and reaching a new and higher level of success it is mandatory that one focus. Like in one example where the owner-manager stated that with his firm he is focusing on 9 – 10 countries where he wants to invest more into resources and as well into marketing spending.

There are examples of firms (section 5.4) which positioned and focused internationalisation at a very early stage. Owners mentioned that they are convinced that they are internationally successful if the firm is positioned in an international direction from the beginning. In the strategic view of some sample firms they went early into new countries and did some pioneer work.

Four out of 17 firms of the main sample are world market leaders. Owner-managers of the German Mittelstand mention very clearly that the success is given if you focus and concentrate in those specific niches in which those firms are active. That means that those interviewed owner-managers are relying on innovative products and services and having the best employees on

board but as well investing into such niches. Sample owner-managers are driving this proactively. And finally staying ahead in their individual niches. On top an elementary point is the fact that partners do know that an actual owner-manager or its successor will remain there and is being reachable. Today, tomorrow or in some years! This is also important for reliability and trust in products, services and ultimately into the German Mittelstand firm.

Three actual owner-managers mention that until today special fairs do play a very important part. – As more specific the niche (and B2B focused), as more important such specific fairs.

A high proportion of respondents expressed a strong market orientation, in the sense that they stressed the importance of understanding every aspect of the local market environment. The wisdom and the direction have a lot to do with the knowledge of the entrepreneur. Several times it is mentioned by owner-managers of this sample that acceptance and the respectful international approach with employees in the international markets and as well with customers is a recommendable target. There is not one single way or the one and only German solution existing (not just black and white). There are several approaches possible, and a local approach has to be respected. Humanistic and family values are elementary pillars which are building the success of German firms in the national as well in the international territory.

Trust is a core element of success. This is been confirmed by the total main sample. Some owner-managers even stated that trust might be the most important factor of being internationally successful. Most of the interviewed owner-managers do have personnel and especially leading personnel which grew up for many years inside the firm`s environment, often the managers have worked for several years in foreign countries. Here the trust element is very much appreciated.

All owner-managers expressed during those interviews that, for their firms, the ´Made in Germany` label is an essential and relevant component of success in all international markets. Depending of the interviewed owner-managers and their specific business, various world regions are more or less in the centre stage. The German products are been seen and stand for a clear and high reliability, for consistency and for quality. Most of the respondents mentioned ´Made in Germany` as a valuable component of their business's competitive advantage. One of them made a direct link with the label and has an effect of an increased profitability but many others expressed the benefits of being associated with Germany as country of origin in different ways. The German mentality is appreciated highly in the world. International customers look and think,

that it is good of working with a German firm. The German way has a reputation of high quality. There are regions in the world which just have individual and emotional believe in German products.

*7.2.3.2 **Recap: What does the literature say?***

The owner-managers are of great interest for scholars for internationalisation. Evers et al. (2019) mention the special interest to know more about the factors which are influencing the direction and strategic direction of firms. Those strategic orientations are majorly of interest and would provide from a qualitative approach a better understanding of entrepreneurs. Schweizer et al. (2010) show interest into those important strategic elements. Especially a future perspective and a commitment towards specific regions and countries is of interest. There is a high interest into aspects of owner-managers, like:

Hagen and Zucchella (2014) discuss the long-term growth of firms. Especially they point out the characteristics of entrepreneurs and the management teams and within that speaking about the ´openness` of the firms` founders. The entire organisation has to learn from each other, taking market chances into consideration and learnings from the customers. Long-term growth and success are dependent on sources of learning and the organisational situation and as well of innovative projects. Apart from various other important aspects, the contribution of the entrepreneur and the management team for a positive internationalisation is very relevant (primus inter pares). Success can be reached if the combination of various drivers is been focused. Lehrer and Schmid (2020) collectively label these and other aspects of Mittelstand firms' strategic style as ´strategic discipline`, reflecting many firms' tendency to maintain focus on long-term goals and to resist the temptation to change direction in pursuit of short-term advantage.

As Wach (2021) observes, international activities are based on learning experiences. Paul and Rosado-Serrano (2019) say that wisdom and direction for future direction of a firm has a lot to do with the knowledge of the entrepreneur. Those traits are learned through education or experience and observation. Schenkenhofer (2022) and Simon (2009) confirm that for internationalisation literature and especially for Hidden Champions, the importance of vertical integration is key.

Usunier & Lee (2012) show that ´Made in Germany` as a phenomenon is of particular interest, as country-of-origin branding is something of a neglected topic in the academic literature. Audretsch et al. (2018) mentioning that ´Made in Germany` lost its glamour during the 1990s to the 2000s. Nowadays the picture is different: ´Made in Germany` has resurged. Germany stayed out of the mass market and left the cheap production to the Chinese but many machines which are used in China come from the German manufacturers. In recent years German products are be seen as champions on the global scale. A specificity is the ´Standortpolitik`, which means for a dedicated region (region/city/state) there are implemented strategies to assure a strong performance in economic terms. Germany always kept a high degree of productivity, in the sense of production costs per working hours. And other countries failed. Germany is been seen as one of the most productive countries on a global level. Labour-cost is huge in Germany but the relevant fact is the ´quality of labour` which one can find in manufacturing.

Tanev (2012) mentions that from the literature it can be contested that there is a very high and fast desire to expand internationally from the beginning of successful firms. Concerning internationalisation research, Hennart and Slangen (2015) are asking for more focus towards exploratory rather explanatory direction and there is a lack of knowledge how such decisions for internationalisation of owner-managers are made. Knight and Liesch (2016) contesting that in the literature there is an urge towards the knowledge at an early stage of firms and investigating into possible adaptations of internationalisation.

Audretsch et al. (2018) mention an enormous strength and willingness to provide high level support, training courses, etc. into knowledge-intensive products or services. Kudina et al. (2008) come up with the target that the firm is in the customer´s perception being seen as a premium brand. And as well making sure that the right product portfolio management for the right country is been in place.

Chhotray et al. (2018) mention that autonomy of employees leads and contributes towards the success of a firm in the internationalisation process. An egalitarian leadership style is a relevant base for future success of an international firm. Employees appreciated the trust which they received from the entrepreneurs and managers.

Welter et al. (2015) come up that by focusing on a long-term approach an owner-manager builds personal relationships and due to that is also maintaining as well trust.

7.3 Contributions to knowledge

7.3.1 Introduction

This doctoral research project produced many interesting findings and insights, although many of them confirmed existing knowledge, rather than contributing new knowledge. However, some of the insights gained did represent new insights and original knowledge – these are presented and discussed in this section, in each case with a justification for the claims of originality and relevance.

As a reminder to readers, the literature review revealed a substantial gap in the literature, namely the contributions of business owner-managers to the internationalisation process. Accordingly, the research questions were designed to address this gap by investigating the accumulated experiences, reflections and belief of a sample of 17 owner-managers.

The interviews yielded many valuable insights that could be used to make a start on filling this knowledge gap. However, there was much of value that could be extracted from the interview data and forms the basis of several more contributions to knowledge, some relatively clear-cut and others that are rather more tentative.

7.3.2 Beliefs, preferences, decisions and behaviours of owner-managers

The thesis makes a significant contribution towards the barely researched topic of the behavioural characteristics of owner-managers and their importance to the internationalisation of Mittelstand firms. The importance of this gap in knowledge has been highlighted in section 6.2 and elsewhere above, as have the numerous authors who have called for further research, so these comments will not be repeated here.

Some of the issues highlighted below have previously been cited as general characteristics of Mittelstand firms but have not previously been applied to internationalisation. Other issues are contributions of a different order, being new insights into Mittelstand owner-manager behaviour.

Internationalisation was felt by owner-managers to be strategically essential, rather than simply one form of growth strategy. This is a belief that is often attributed to ´born-global` entrepreneurs and their businesses (Bell, 2022; Cavusgil & Knight, 2015; Crick, 2009; Trudgen &

Freeman, 2014). However, this belief was firmly held throughout the sample, irrespective of the pattern of internationalisation that had been pursued by the firm or the proportion of its revenues that were generated in foreign markets.

For almost all of the owner-managers, this conviction seems to have driven a personal commitment to become directly involved in internationalisation projects, to the extent of spending substantial amounts of time in new country markets and investing much of it in meeting and building relationships with business intermediaries, customers and other stakeholders. Several owner-managers expressed the view that simply being seen by, shaking hands with and spending time with local partners and employees in such markets is a very valuable investment of their time. The strong personal relationships formed in this way become some of most important intangible assets of a firm and vital contributors to international success.

The sample owner-managers also emphasised the importance of a long-term view in internationalisation, in terms of expectations of results and also in a return on the investments that were necessary. Several owner-managers expressed their conviction that the aim of developing a new country or regional market should be to have a significant impact in each new country with ´an idea that makes the difference`. They also expressed the importance of being patient and accepting that there are different routes and ways to reach this goal. Earning profits is in that context a secondary important objective, but one which follows this investment. This focus on the longer-term was also applied to the relationship-building discussed in the previous paragraph. When commenting on their extended presence in new country markets, owner-managers explained in varied ways that they were ´not pushing in the direction of earning quick money` in the new markets. Instead, this relationship-building was intended to develop solid business relationships and form a sustainable bond with customers for the long term. One owner-manager expressed this in colourful terms, explaining that business partners need to know that the current owner-manager or their successor will remain in post and will always be reachable.

7.3.3 The perceived importance of focus

Eight of the sample owner-managers, whose firms are world market leaders or technology leaders mention very clearly that the success is more likely if one focuses and concentrates in those specific niches in which those firms are active. That means that those interviewed owner-

managers are relying on innovative products and services and having the best employees on board but as well investing into such niches. Those owners who emphasised this were driving this proactively, as were their predecessors.

Today, tomorrow or in some years! This is also important for reliability and trust in products, services and ultimately into the German Mittelstand firms. Trust is a core element of success. This has been confirmed by the sample firms. Some owner-managers even stated that trust might be the most important factor of being internationally successful.

Humanistic and family values are elementary pillars which are building the success of German firms in the national as well in the international territory.

It can be stated that trust and autonomy of international employees in various countries in the world play an important part of the success of German Mittelstand firms. The majority of owner-managers inherited from the predecessor international countries and none of the recent owner-managers made any changes/exit strategies/etc. from relevant markets. As the sample firms have shown freedom of employees leads and contributes towards the success of a firm in the internationalisation process and in the respective countries. Chhotray et al. (2018) show that an egalitarian leadership style is a relevant base for future success of an international firm, in which employees appreciated the trust which they received from the owner-managers.

The outcomes of this thesis show that an active engagement with, and participation of owner-managers in the implement of internationalisation processes, are both highly relevant to successful outcomes and a strong driving factor for continuance of internationalisation. It is also argued that the commitment and close involvement of owners that makes the difference between a successful and a very successful firm of the German Mittelstand (please see chapter 5 and section 7.2 for further information on this topic).

7.3.4 Commitment to place as a foundation of international success

As reported in 4.3 above, a striking and interesting finding in an initial analysis of the sample firms was that the headquarters of all 17 firms were still located in the towns or villages in which the businesses were founded, often in rural areas. This is certainly not a new finding. Many researchers have highlighted this fact, perhaps most notably Hermann Simon (1992, 1996, 2009),

who confirmed this in his research among the Hidden Champions of the German Mittelstand but also De Massis et al. (2018) and others who have commented on this phenomenon.

A different form of ´commitment to place` was evident in the interviews, when owner-managers emphasised the need for a long-term presence in a country or regional market in order to ´make a difference`. This was frequently mentioned in the context of the need for long-term investment in a new market, not only in direct financial terms but relating to management time, including the presence and commitment of the owner-manager, knowledge-building, the recruitment and training of local employees, investment in relationship-building with stakeholders and more.

As the systematic collection of detailed data concerning the duration of presence in country markets was beyond the scope of this research project, all that can be commented on here is that very few country or regional markets seemed to have been abandoned. The early exploits of predecessor owner-managers in following their interests and hunches in developing new markets were discussed in 6.5 above. The data collected about each firm's most important international markets (see Column L of table 4 in 4.2 above) shows that the firm is still present in those country and regional markets, in many cases 50, 100 or more years later.

To summarise, the Mittelstand firms in the sample showed a ´commitment to place` in two different dimensions: firstly, their long-term location in the towns and villages in which they were founded, and secondly, a long-term presence in specific international markets. It is beyond the scope of this research to suggest that there is any relationship between these phenomena, which both seem to reflect aspects of ´Mittelstand thinking` that have been discussed earlier. One of these is the pervasiveness of long-term thinking, although in both cases the longevity of presence could be related to other factors, for example owner-managers' respect for their predecessors' achievements having an influence in their decision to remain in what could be described as ´legacy markets`. Another aspect of ´Mittelstand thinking` that these phenomena could be related to is the emphasis given to long-term stakeholder relationships, the need to invest in them and the benefits that could result from them.

In conclusion, it is clear that there are many issues here that are both interesting and need further research to explore them in more depth. Nevertheless, even in its undeveloped form, the highlighting of these two forms of ´commitment to place` on the part of the sample firms is a useful and original contribution to knowledge.

7.3.5 Made in Germany was widely considered to be important to success

A striking finding was that every one of the 17 owner-managers in the sample considered that the ´Made in Germany` label was a particularly important contributor to successful internationalisation, as was more broadly being associated with Germany as a country of origin. While these opinions must be respected, it was beyond the scope of this study to verify them by expanding the sample size. However the fact that this was the only critical success factor that was nominated without any prompting by every owner-manager in a diverse sample suggests that it was a powerful finding and one that is unmentioned in the literature.

Usunier and Lee (2006, 2012) have noted that academic interest in country of origin effect (COO) has declined considerably since the second half of the twentieth century but this finding suggests that the Made in Germany label may indeed still be important in purchase decision-making. Audretsch and Lehmann (2016) acknowledge that ´Made in Germany` lost its glamour during the 1990s to the 2000s, as does Gornig (2007).

The fact that each owner-manager identified ´Made in Germany` as a very valuable component of their business's competitive advantage was even more interesting because there was little commonality between their varied market portfolios. Some of them mentioned particular anecdotes or comments by intermediary partners or customers about preferences for German-origin products, for example in Asian markets. However, follow-up research is needed to substantiate and understand this phenomenon.

When discussing the contribution that ´Made in Germany` made to international success, owner-managers mentioned attributes such as quality, reliability, engineering excellence, innovation and product knowledge. Some of these attributes they were anxious to see maintained and projected by their employees and partner intermediaries, highlighting this as an area for investment in training. Several owner-managers also explained that the ´Made in Germany` label put pressure on them to maintain standards, particularly in continuous innovation.

7.3.6 Application and broadening of the concept of strategic discipline

Strategic discipline is a relatively new concept in the field of business management, the term being coined in a recent article on the strategic style of Mittelstand firms (Lehrer & Schmid, 2020). The article was based on case studies of three very large Mittelstand businesses and

identified three basic dimensions of strategic discipline: cultivating simplicity, the resisting of short-term temptations and a focus on implementability.

The researcher found the concept extremely useful in characterising the strategic approach of the sample firms. Lehrer and Schmid recognise that the concept could be criticised for being based on the activities of only a small sample of three large Mittelstand firms but its applicability to each of a diverse sample of 17 firms is potentially a demonstration of its robustness.

Of the three dimensions that are developed by Lehrer and Schmid to characterise strategic discipline, the most evident in the sample was the resistance of short-term temptations, although as discussed in 6.9 and 7.3.2, this was expressed by the owner-managers by favouring a long-term view in every aspect of their internationalisation processes, rather than mentioning short-term temptations that were resisted. Lehrer and Schmid use the term ´cultivating simplicity` to refer to most aspects of the business, including the product/service range, the breadth of market targeting, the organisational structure and internal systems and procedures. Most of these were not part of this research but the owner-managers made many references to ´focus`, referring to target markets, the product range and relationship-building. The third dimension, implementability, was very evident in the emphasis given by owner-managers to meticulous and managed learning about detailed aspects of every new market and the stakeholders within it. Although this was not necessarily intended to fall within Lehrer and Schmid's use of the term ´implementability`, a main reason for the owner-managers' emphasis on knowledge-building was to enable smooth implementation, as well as their commitment to a long-term presence in the country market.

In addition to the three dimensions presented by Lehrer and Schmid, the concept of strategic discipline is a useful term to apply to other aspects of the strategic behaviour of the sample firms. One of these is that mentioned immediately above: the focus on long-term knowledge-building that was widely emphasised within the sample. This is a vital activity that is often insufficiently implemented, underfunded or even neglected altogether, so the notion of ´discipline` is a useful description for it.

Another frequently mentioned idea that has been discussed above (7.3.4) was the importance of planning for a long-term presence when entering a new country or regional market. The preference for long-term commitment and decision-making was cited by Lehrer and Schmid as a

dimension of strategic discipline. However, this was not specifically associated with a long-term presence in target markets, although persistence in entering the USA market does feature in the case studies discussed in the article, which also mentions in general terms the longevity of Mittelstand firms' presence in international markets.

Two other ideas that were frequently mentioned were the importance of ´deep respect` for the languages, laws and cultures of specific country markets and also the importance of trust, which was mentioned many times by owner-managers. Both of these referred to stakeholder relationships in international country markets, and also more broadly to the country itself. These were powerfully expressed ideas that seemed to originate from deeply held humanistic beliefs and values, rather than rules that had been learned over many years of experience of business and internationalisation. Whether or not these aspects of behaviour could usefully be labelled as ´strategic discipline` is a debatable point but they were so widely expressed that they could be seen as a generic element of Mittelstand internationalisation within the sample, although further research is needed to explore these issues in more depth.

7.4 Limitations of this research

In the opinion of the researcher a thesis is never a final product. Instead, it is rather similar to a private journey into a new territory, into a new country or a new place of interest. It is a start. You might reach a new level of interest or of research expertise; but it is never the end. In this section, the limitations of the research are discussed, while in 7.5 that follows, the large number of questions that are raised by the research are responded to in the form of recommendations for future research.

7.4.1 Limitations of the sample

The sample included 17 owner-managers and due to this, generalisations about the whole diverse population of various German Mittelstand firms cannot be made with any confidence. A positive aspect is that the samples of owner-managers and their firms represented a broad and diverse range of industries, market niches, ages and histories which revealed some notable consistencies across the sample and provided a large volume of rich data.

The interviewees were selected by purposive criteria and were selected and recruited from a broad range of contacts, both those of the researcher and of other sources. However, the

interviewees were not selected randomly and the findings may have been skewed by the imposition of selection criteria.

The fact that the interviews were conducted with owner-managers, rather than for example employed professionals within the firms might have generated different outcomes The interviewees were all members of the founding and owning families and were all in multi-generational firms, so it is certain that their views were influenced by the cultures and histories of the respective businesses and families. Similarly, the perceptions of other stakeholders, especially in foreign markets, might have offered different insights and perhaps a different set of outcomes.

However, as discussed at the outset, the research was designed to address a gap in the literature of Mittelstand internationalisation, namely the experiences, beliefs and behaviours of owner-managers, which thus drove the sampling decision. In the following section, some recommendations are made for research projects which address the limitations of the sample.

7.4.2 Limitations of confidentiality and focus of owner-managers

Owner-managers within the sample talked very openly about confidential aspects of their firms and duties. Furthermore, personal matters relating to the internationalisation strategies of their firms and challenges concerning their day-to-day work including other family members, employees etc. were also mentioned. But it has to be stated that such feedbacks, stories and inner views of owner-managers presented to various topics which relate to the researched topic can be granted depending of the truths of those owner-managers. And certain how such owner-managers felt comfortable of sharing their inner views depending on the level of trust and confidentiality towards the researcher.

A delicate task for the researcher was ensuring that owner-managers stayed focused and gave explicit responses to the interview questions. In two of the interviews, only minimal responses were given at first but this was expanded as the interview progressed and a relationship of trust developed. However the other 15 owner-managers were very talkative and also approached other areas of interest when discussing their views in depth. This was not always helpful in answering the questions that were the focus of the research. However, using the lessons learned from conducting the exploratory and pilot interviews, the researcher managed to bring these

interviewees back on track after some interesting diversions by means of some gentle questioning and respectful guidance.

7.5 Implications for future research

In this section a number of recommendations are made for future research projects that build on this research. Some of these are designed to address the limitations highlighted above, while others are intended to provide some answers to the many questions raised by the research.

7.5.1 Alternative sample compositions

As discussed in 7.4.1 above, the design of this research, including the sampling decision, was a response to the highlighting of numerous authors of a gap in knowledge concerning the influence of owner-managers on the strategic direction of their firms. Several of these authors also specified qualitative research as the essential means to fill this gap. It was also acknowledged that the sample design was also a limitation on the findings, so some alternative sampling strategies are considered here.

One alternative could be a considerably larger sample size. This might allow a more diverse sample of businesses, perhaps including a broader range of business sizes, businesses with different ownership structures, a closer gender balance with more female owner-managers, some born-global firms, firms at an early stage of internationalisation and so on. Alternatively, these different segments of the business population could be addressed in turn, in separate research projects.

A key issue that a more diverse sample would raise is the trade-off between sample size and interview depth. It is not clear to this researcher how a large-scale quantitative survey could be useful in addressing some of the complex issues raised by this research but perhaps that it is understandable after such a long immersion in a qualitative research project.

Another question might be of interest to analyse how such setups look like in one or two specific industry niches of the German Mittelstand and could there be evidences found which support first assumptions of the researcher of this thesis. Future scholars should not just approach a retrospective view, it is also of great interest, what owner-managers experienced and learned and what do they value in respect for future strategies into those countries or regions in the world. As Shaver (2013) mentioned: there are enough studies which explain, there should be

more ones with a focus into exploring. And from such learnings scholars but as well owner-manager and personnel of the management can positively influence the future direction of the learned and experienced lessons of the German Mittelstand firms (Shaver, 2013).

An interesting facet would arise how international business partners perceive those salient experiences by German Mittelstand firms. Can this be confirmed and is it of immanent interest of success? Can those presented strengths and behaviours of owner-managers of this sample been confirmed from an external viewpoint?

7.5.2 Intrinsic motivation: perceived importance of having an impact

The topic ´willingness of having an impact in a new country` is considerably of interest. Next to various researchers Briscoe et al. (2012) list from the traditional perspective of literature various reasons of German Mittelstand firms which are directing into international activities (Briscoe, Tarique, & Schuler, 2012). They show that some goal-oriented businesses are all alike in that they allocate their resources and direct them in such a way that ´short- and long-term economic objectives can be achieved` (Albaum et al., 2011). This allocation of resources plays an important role and is a driving force behind internationalisation (Briscoe et al., 2012). Albaum et al. (2011) adding that firms often make the international move when the domestic market is saturated and as a result their strategic objectives cannot be realised in the existing market. A number of reasons for internationalisation can coexist. However it is highly probable that there will be a primary reason why a firm decides to enter foreign markets, and this will be influenced in turn by other secondary reasons (Albaum et al., 2011). The above mentioned ´willingness of having an impact in a new country` is a personal, subjective and intrinsic facet of owner-managers and is an attribute of success which is so far not mentioned in research and a specific form of leadership style. The question for scholars might be if those results of this thesis could be confirmed by another or bigger sample. As well it could be of interest in a longitudinal approach if such personal directions of owner-managers are of real and long-term success.

There are examples of firms (section 5.4) which positioned and focused internationalisation at a very early stage. Owners of the sample mentioned that they are convinced that they are internationally successful if the firm is positioned in an international direction from the beginning. From the literature it can be contested that there is a very high and fast desire to expand internationally from the beginning of successful firm (Tanev, 2012). For scholars it could

be of an interesting facet of interest to look deeper into the thematic issue of `going early international´ of German Mittelstand firms. In the sample firms it could not be confirmed that there is any firm which went very early and fast, like a born-global firm, internationally and reached a level, which can be found nowadays of characteristics of born-global firms, see subsection 2.5.3. There was just one firm in the main sample which could be partially identified as such (reaching 25% of international turnover in five years instead of three years; three years is been stated by the literature for a born-global firm) (Kudina et al., 2008).

7.5.3 ´Made in Germany` needs more research focus

´Made in Germany` is under-researched. It is of general interest if those outcomes of this thesis could be confirmed, denied or actively researched with a bigger group of a sample. In the opinion of the researcher it would be recommendable not just focusing towards the past experiences and the explanatory direction. For a proper groundwork it is certainly of interest. But the relevancies lie in the derivations of such, and the major points of interest shall be found in the implications and the expectations of the future of ´Made in Germany`.

The direction of learning phases connected with success of periods of time could also be in interesting direction for additional research. In the critical perspective of the researcher an interesting question arises in the context: where are those relevant basic dimensions of strategic discipline been grounded? The researcher is questioning if the core of international strategic discipline dimensions is strongly affected and an outcome of the own ´employees`. As a key driver for cultivating simplicity, resist short-term temptations and to focus on implementability the most critical and relevant facet is the human being.

Behavioural characteristics like trust and commitment are key parameters of success. In the opinion of the researcher those critical success factors are the most relevant contributors of German Mittelstand firms as also. As it could be shown in the literature there is a high interest by a lot of researchers into the topic. But there are no answers. It seems that ´owner-managers` of the German Mittelstand are one of the last secrets of success and which is so far under-researched. Explanatory research will not be sufficient for learning curves and future success. There shall be the interest into exploratory research in a specific field and a specific niche of an industry. The researcher had a rather small sample and a very heterogeneous group set of owner-

managers. How does it look like if longitudinal studies with a focus into a specific industry niches will look like? What are the outcomes of such critical success factors of a bigger set of samples?

As been mentioned in subsection 7.3.3 many of the sample owner-managers had predecessors who did much of the groundwork for them. One big issue this raises is to what extent it was their 'idiosyncrasies' that contributed to the success of the firm, rather than those of their successors. Another is whether the family was a valuable reservoir of the knowledge gained and an effective basis for its sharing within the firm.

7.6 Implications for practice

In the opinion of the researcher the outcomes can be read and respected in the following way:

7.6.1 Salient experiences as the base for practical reflection

Owner-managers of firms who have an interest in this specific topic should ask themselves and should be critically to themselves if those presented outputs of salient experiences are existing or perhaps worth of establishing in their firms, if they approach or decide for an internationalisation direction. For those firms which are already internationally active they could take those findings and review their setups and questioning their approaches critically.

7.6.2 Are your firm´s specific international strategies appropriate?

Owner-managers of German Mittelstand firms are showing a very focused and strategically approach into the field of internationalisation. There could be found several examples which are underpinning their directions. The long-term perspective is key: the entire main sample expressed the importance of a long-term view when pursuing an internationalisation strategy. With a respectful approach towards a new country and with the need for patience in achieving profitable outcomes. Depending on the industry there are around 50% of the sample which confirm the importance of specific fairs; the other 50% are not seeing such an importance into fairs but confirming that those fairs played a major importance in the retrospective of the existence of the firm. There are several technological and world market leaders in this sample, and they recommend to surrounding the international partners and customers like a form of ecosystem. For assuring a high-quality level and being the trustful player for the future. In the opinion of the researcher it is pretty surprisingly and very positive that the majority of the sample

mentioned `willingness of having an impact in a new country´ as a driving force of internationalisation. And to become familiar with the peoples´ mentality. For owner-managers it means of reaching a higher level of knowledge and attitude and they have to make sure that employees in those countries are properly led.

7.6.3 Practical implications of a storyboard results in a mastermind

In the opinion of the researcher the below mentioned facets might be seen and used by owner- or business managers as a kind of mastermind. As introduced in the subsection 7.2.3 there are several areas of interest: ´Made in Germany`, ´Direction and discipline` and ´behavioural characteristics like trust and commitment` of owner-managers of the sample firm.

In this sample a ´Made in Germany` is highly praised by owner-managers of the German Mittelstand.

German owner-managers of this main sample are actively focusing and guiding their firms` internationalisation approaches. In the opinion of the researcher the content of sub-subsection 7.2.3.1 provides the reader a brilliant and overarching summary of relevant facets of international critical success factors of German Mittelstand firms. It can be read as a kind of storyboard which could be critically reviewed, possibly used as best practise scenarios and if possibly owner-managers of other firms are interested, it could be used as a kind of ´critical success factors guide` for internationalisation.

Behavioural characteristics of German owner-managers of this main sample are enormously of interest for other firms and owner-mangers or entrepreneurs of bigger firms or leading personnel. The outcomes have clearly shown in chapters 4 and chapter 5 that salient critical success factors are the differentiation factors which make the difference between a successful and a very successful firm from the German Mittelstand as stated by the interviewees. They see their commitments as a key parameter of the success of their firms. They are committed and very much focused into new regions, countries and enormously convinced of future investments in those markets and precisely into their work force in the international territories. They serve their customers and make sure that long-term, trustful relationships and future direction is combined with the very regular country visits of the German owner-managers.

7.6.4 Make more out of that value ´Made in Germany`

There is a very positive echo of ´Made in Germany` as stated by the sample owner-managers. There are no doubts that this positive connotation will change over the next years. Especially of interest for British firms by looking and in best case trying to copy the critical success factors after the Brexit and other national impediments. Because a lot of German products and services are highly valued in the entire world. That are all parameters which challenge German Mittelstand firms to grow towards a higher level. Higher levels of products, services and knowledge of employees. It is of great interest for German Mittelstand firms to promote and make use of this positive and valuable connotation of ´Made in Germany`.

For practical usage and recommendation for firms which are starting an international journey with their firms and approaching international countries for the first time: There is a clear answer to a possible question if a ´Made in Germany` shall be used in the communication process, in marketing, for the products, ultimately as a general approach by the firm: YES.

For practical relevance and reflection for a firm which is actively taking part in internationalisation, and which has perhaps not considered the ´Made in Germany` yet, the answer is YES.

Certainly there might be subjectively personal reasons of owner-managers why this claim is favoured, but obviously there are rather no reasons not to make use out of this positive connotation.

The main sample confirmed this very positive assumption. The German mentality is appreciated highly in the world. Owners are mentioning that international customers look and think, that it is good of working with a German firm. The German way has a reputation of high quality. There are regions in the world which just have individual and emotional beliefs in German products. The outcomes of chapters 4 and chapter 5 have clearly underpinned this positive effect and ´Made in Germany is a valuable and intangible asset and a positive contributor to success in internationalisation.

7.6.5 Owner-managers contribute to success. How do you see your approach?

Owner-managers of this sample are ´leading` their firms. It is remarkable how they develop, implement and control the execution of such steps and play active roles in internationalisation.

They see their personal contributions as key parameters of the success of their firms. There is a deep commitment and dedication towards other international markets. They serve their customers and make sure that long-term, trustful relationships and future direction is combined with the very regular country visits of the German owner-managers. Regular visits means for more than 65% of the interviewees that they are travelling every week and visiting a country where they do have activities. This can be seen as an exhausting approach but as presented in the interviews with the researcher, it is worth of doing so in their perceptions. In several interviews with those owner-managers the researcher had very positive and remarkable impressions. Sometimes the researcher was astonished how committed those owners talked about their firms, their personal contributions etc.

There is a certainty that 100% of the sample interviewees are seeing their future success and development options by far more in international and rather less in the national market.

It is mentioned that not only quality, service and a ´Made in Germany` are important facets. It is a very personal aspect of importance. In the opinion of the interviewed owner-managers, a majority believes that a secret of not having proper success is linked with the personal presence and the behaviour of owners in the international countries. How owners are seen and perceived by partners in such markets, it is a very valuable, perhaps one of the most important assets of a firm and enormous contributor to international success.

7.7 Reflection

In this final section of the thesis, the researcher reflects on his experience of the entire doctoral journey, reviewing his inner thoughts and feelings, changing motivations and the many challenges, twists and turns that were negotiated during the seven-year voyage as a part-time student.

The journey can usefully be conceptualised as similar to a long-haul flight, for example Lufthansa flight LH510 from Frankfurt, Germany to Buenos Aires, Argentina that the researcher has experienced numerous times during his career. As with a pilot preparing for and executing such a flight, the research was a project of high complexity and responsibility.

Sometimes there are external or internal reasons why the flight cannot leave on time and the trip takes longer. For the researcher, the doctoral journey took considerably longer than planned.

Personal events such as a divorce, moving apartments and cities, remarriage, the birth of a child and other events intruded from his private life, while a high and increasing workload, intensive travelling and many other business-related issues and unexpected events to serve the customers in the world and to fulfil in a best way the researcher`s main business job from an external view. The challenge is to do the splits between the ´job`, the ´family` and your ´personal endeavour` to proceed with your studies.

Sometimes thunderstorms come up and the crew and passengers are a bit afraid before leaving the gate and starting the engines. There were days existing where the researcher had lower motivations of focusing into his research topic and/or private and/or business-related topics. – A real and helpful support in such moments the researcher received from talks with his best friend and his wife and intense and critical interchanges with his 1st supervisor.

During the flight it might occur that flight routes are changed to ensure that highest safety can be granted or to effectively avoid turbulences and efficiently reduce flight time. There were similar directions in the development of the thesis and especially for the direction for literature and related chapters. The researcher presented in 2016 at the doctoral colloquium in Berlin, where he focused on the long-term future of SMEs which are actively in the powerline communication sector by strategic positing in Europe. Critical inputs and reviews from the audience, in-depth discussions with the 1st supervisor and as well with the learning set of the researcher brought a more relevant field of interest into the mindset of the researcher. The thematic direction of this thesis developed over the years and while presenting first outcomes of the realised interviews with owner-managers of the German Mittelstand during the doctoral colloquium in Gloucestershire in 2019, scholars from the UK, Australia and in New Zealand and other countries confirmed during the doctoral colloquium of the British Academy of Management in 2021 a huge interest into this topic and the audience at the same time concluded that this direction of the thesis has a high practical relevance for management.

Sometimes a start can be a bit bumpy but as longer the flight takes as more calmness comes up and the habit is spreading. The researcher believes that he was and is a critical and reflective person who is positively looking and focused into the future. In the beginning of the thesis and especially during the physical present meetings in Frankfurt the inputs form classes, professors and fellow students were in the remembrance of the researcher a bit of an overflow of good

recommendations and inputs. Like a big puzzle which you are starting and there are challenges in the beginning, and it takes a while until colours and forms shape your mind and you can see the big picture and the puzzle pieces fit. Or to stay with the flight example: the world map is huge. The aim (destination) is Buenos Aires and finally to understand and decide that a route from Frankfurt down to Dakar, Senegal makes sense and from this destination you cross the Atlantic Ocean and proceed your trip to Brazil and afterwards to Argentina. It is important to stay focused towards your aim (destination). But there is an enormous relevancy that in business and in this doctoral journey you are critically questioning the paths (routes). The researcher sees it in this way that those experiences of the doctoral journey shaped himself concerning thinking, reflection and judgements. It does not stop. It is a kind of a continuum which reaches a higher level of a learning experience, but it never reaches perfection. Being convinced about such an attitude it helps in the opinion of the researcher fellow scholars to focus actively with their research topics, to act consciously with their content, questioning themselves about aim and objectives of their work and ultimately it permits as well of receiving a higher level of resilience.

By approaching Buenos Aires and when you look out of the window on the right-hand side (because in most approaches you fly by Buenos Aires on the left side) and you enjoy the sunrise and looking down to the old harbour and you reflect your entire journey, the researcher hopes that he could come up with some interesting and relevant facets for academia and for practical usage. For the future: The interest into the ´secrets` of German Mittelstand firms and their respective owner-managers will stay at a very high level of interest and the researcher hopes as well that he could motivate future students to dig deeper into critical successful factors. You never know what you will find in doing such journeys. But it broadens your understanding, the insights and your capabilities and you learn to respect yourself and others` opinions and you are finishing your journey. Probably more precisely, you are finishing a part of your entire journey here on earth. The researcher is driven by curiosity and this fact keeps him awake and motivates the researcher. What the future will bring we will see. But the researcher is ready to start a new venture, a new journey! As a personal conclusion, the researcher is deeply grateful for ´all` those experiences of the entire process of the doctoral journey and he hopes that he could inspire future researchers and it would be of great interest also towards the researcher to join the ´return flight` and to read and learn more about exploratory approaches about this immanent and relevant field of research.

References

Albaum, G. S., Duerr, E., & Strandskov, J. (2011). *International Marketing and Export Managment*: Pearson Education.

Alghamdi, S. (2015). Analysing paradigmatic influences in a particular research. *International Journal of Humanities and Social Science, 5*(8), 78-83.

Amdam, R. P. (2009). The internationalisation process theory and the internationalisation of Norwegian firms, 1945 to 1980. *Business History, 51*(3), 445-461.

Arentz, O., & Münstermann, L. (2013). Wo liegt der Kern des deutschen Mittelstands? *Wirtschaftsdienst, 93*(9), 622-628.

Audretsch, & Lehmann. (2016). *The seven secrets of Germany economic resilience in an era of global turbulence*. New York, NY: Oxford University Press.

Audretsch, Lehmann, E. E., & Schenkenhofer, J. (2018). Internationalization strategies of hidden champions: lessons from Germany. *Multinational Business Review, 26*(1), 2-24. doi:10.1108/MBR-01-2018-0006

Baard, V. C., & Dumay, J. (2020). *Interventionist Research in Accounting: A Methodological Approach*: Routledge.

Bartlett, & Beamish. (2014). Transnational Management. In: Singapura: Mc Graw Hill Education.

Bell. (2022). *Business research methods*: Oxford university press.

Bennedsen, M., & Fan, J. (2014). *The Family Business Map: Assets and Roadblocks in Long Term Planning*: Springer.

Berger, P. L., & Luckmann, T. (2011, (retrieved: 11th of September, 2019)). The social construction of reality : a treatise in the sociology of knowledge. Retrieved from https://public.ebookcentral.proquest.com/choice/publicfullrecord.aspx?p=1804796

Berlemann, M., & Jahn, V. (2016). Regional Importance of Mittelstand Firms and Innovation Performance. *Regional Studies, 50*(11), 1819-1833. doi:10.1080/00343404.2015.1058923

Birkinshaw, J., Ghoshal, S., Markides, C. C., Stopford, J., & Yip, G. (2004). *The Future of the Multinational Company*: Wiley.

Blackburn, S. (2014). Oxford Dictionary of Philosophy (Revised). In: Oxford Reference.

Bloomberg, L., & Volpe, M. (2019). *Completing your qualitative dissertation : a road map from beginning to end* (Fourth edition. ed.). Los Angeles ;: Sage.

Boyd, B. (2010, (retrieved: 22nd of May, 2022)). Sustainable management in long-lived family businesses–a resource-based analysis of Northern German builder's providers. *International Journal of Entrepreneurship and Small Business.* Retrieved from https://www.inderscienceonline.com/doi/abs/10.1504/IJESB.2010.03582

Brewer, P. A. (2007). Operationalizing psychic distance: A revised approach. *Journal of International Marketing, 15*(1), 44-66.

Briscoe, D. R., Tarique, I., & Schuler, R. S. (2012). *International Human Resource Management : Policies and Practices for Multinational Enterprises*. New York, NY: Routledge.

Brislin, R. W. (1970). Back-translation for cross-cultural research. *Journal of cross-cultural psychology, 1*(3), 185-216.

Brislin, R. W. (1980). Translation and content analysis of oral and written materials. *Methodology*, 389-444.

Bryant, A., & Charmaz, K. (2019). *The SAGE handbook of current developments in grounded theory*: Sage.

Bryman, A. (2012). *Social research methods*: Oxford university press.
Bryman, A. (2016). *Social research methods* (Fifth edition. ed.). Oxford ;: Oxford University Press.
Bryman, A., & Bell, E. (2011). *Business research methods* (3rd ed.). Oxford: Oxford University Press.
Buckley, P. J., & Ghauri, P. N. (1999). *The internationalization of the firm*: Cengage Learning EMEA.
Canabal, A., & White, G. O. (2008). Entry mode research: Past and future. *International Business Review, 17*(3), 267-284. doi:10.1016/j.ibusrev.2008.01.003
Cavusgil, & Knight. (2015). The born global firm: An entrepreneurial and capabilities perspective on early and rapid internationalization. *Journal of International Business Studies, 46*(1), 3-16. doi:10.1057/jibs.2014.62
Cavusgil, Knight, G., & Riesenberger, J. (2019, (retrieved: 04th of March, 2022)). International Business. 5th. Retrieved from https://public.ebookcentral.proquest.com/choice/publicfullrecord.aspx?p=5834012
Cavusgil, & Knight, G. A. (2011, (retrieved: 10th of June, 2022)). Born global firms : a new international enterprise. 1st. Retrieved from http://www.credoreference.com/book/bepibbgf
Charmaz, K. (2014). *Constructing grounded theory* (2nd edition ed.). London ;: SAGE Publications.
Child, J., & Hsieh, L. H. Y. (2014). Decision mode, information and network attachment in the internationalization of SMEs: A configurational and contingency analysis. *Journal of World Business, 49*(4), 598-610. doi:10.1016/j.jwb.2013.12.012
Cope, D. G. (2014). Computer-assisted qualitative data analysis software. *Oncology nursing forum, 41*(3), 322-323. doi:10.1188/14.ONF.322-323
Coviello, N. (2015). Re-thinking research on born globals. *Journal of International Business Studies, 46*(1), 17-26. doi:10.1057/jibs.2014.59
Creswell, J. W., & Creswell, J. D. (2018). *Research design : qualitative, quantitative, and mixed methods approaches* (Fifth edition. ed.). Thousand Oaks, California: SAGE Publications, Inc.
Crick, D. (2009). The internationalisation of born global and international new venture SMEs. *International Marketing Review, 26*(4/5), 453-476. doi:10.1108/02651330910971986
Daniel, D. R. (1961). Management information crisis. *Harvard Business Review*, 111-121.
De Massis, A., Audretsch, D., Uhlaner, L., & Kammerlander, N. (2018). Innovation with Limited Resources: Management Lessons from the German Mittelstand. *The Journal of Product Innovation Management, 35*(1), 125-146. doi:10.1111/jpim.12373
Denzin, N. K., & Lincoln, Y. S. (2011). Introduction: The discipline and practice of qualitative research. In N. K. Denzin & Y. S. Lincoln (Eds.), *The Sage handbook of qualitative research* (4th ed., pp. 1-19). London: Sage.
Din, F.-U., Dolles, H., & Middel, R. (2013). Strategies for small and medium-sized enterprises to compete successfully on the world market: Cases of Swedish hidden champions. *Asian Business & Management, 12*(5), 591-612. doi:10.1057/abm.2013.19
Drucker, P. F. (2005). *The practice of management*. Oxford: Butterworth-Heinemann.
Duran, P., Kammerlander, N., van Essen, M., & Zellweger, T. (2016, (retrieved: 14th of June, 2022)). Doing More with Less: Innovation Input and Output in Family Firms. *Academy of Management Journal.* Retrieved from https://web-b-ebscohost-

com.glos.idm.oclc.org/ehost/results?vid=0&sid=78da62bd-6b89-4003-85d1-944765079ea2%40sessionmgr103&bquery=%28AU%2Bduran%29%2BAND%2B%28IS%2B%25220001-4273%2522%29%2BAND%2BDT%2B2016&bdata=JmRiPWJ0aCZ0eXBlPTEmc2VhcmNoTW9kZT1BbmQmc2l0ZT1laG9zdC1saXZlJnNjb3BlPXNpdGU%3d

Easterby-Smith, Jaspersen, L. J., Thorpe, R., & Valizade, D. (2021). *Management and business research*: Sage.

Easterby-Smith, Thorpe, & Jackson. (2012, (retrieved: 28th of January, 2018)). Management Research. 4th.

Eddleston, K. A., Kellermanns, F. W., & Sarathy, R. (2008, (retrieved: 08th of November, 2021)). Resource configuration in family firms: Linking resources, strategic planning and technological opportunities to performance. *Journal of management studies.* Retrieved from https://onlinelibrary.wiley.com/doi/abs/10.1111/j.1467-6486.2007.00717.x

Esselborn-Krumbiegel, H. (2022). *Richtig wissenschaftlich schreiben: Wissenschaftssprache in Regeln und Übungen* (Vol. 3429): UTB.

Evans, J., Treadgold, A., & Mavondo, F. T. (2000). Psychic distance and the performance of international retailers–a suggested theoretical framework. *International Marketing Review*.

Evers, N., Gliga, G., & Rialp-Criado, A. (2019). Strategic orientation pathways in international new ventures and born global firms—Towards a research agenda. *Journal of international entrepreneurship, 17*(3), 287-304. doi:10.1007/s10843-019-00259-y

Fear, J. (2014). The secret behind Germany's thriving 'Mittelstand'businesses is all in the mindset. *The Conversation, 28*.

Fernández, Z., & Nieto, M. J. (2005). Internationalization strategy of small and medium‐sized family businesses: Some influential factors. *Family Business Review, 18*(1), 77-89.

Fernández, Z., & Nieto, M. J. (2006). Impact of ownership on the international involvement of SMEs. *Journal of International Business Studies, 37*(3), 340-351.

Freund, Y. P. (1988). Critical success factors. *Planning Review, 16*(4), 20-23. doi:10.1108/eb054225

Friese, S. (2019). *Qualitative data analysis with ATLAS.ti* (Third edition. ed.). London: SAGE Publications.

Garaus, C., Güttel, W. H., Konlechner, S., Koprax, I., Lackner, H., Link, K., & Müller, B. (2016). Bridging knowledge in ambidextrous HRM systems: empirical evidence from hidden champions. *The International Journal of Human Resource Management, 27*(3), 355.

Gharpure, Y. (2011). Technological Excellence: What can SMEs learn from Mittelstand of Germany. *Chemical Business, 25*(10), 13-17.

Gilgun, J. F. (2005). "Grab" and Good Science: Writing Up the Results of Qualitative Research. *Qualitative Health Research, 15*(2), 256-262. doi:10.1177/1049732304268796

Gloucestershire, U. o. (2022, (retrieved: 10th of October, 2022)). Research Ethics: A Handbook of Principles and Procedures. Retrieved from https://www.glos.ac.uk/information/knowledge-base/research-ethics-a-handbook-of-principles-and-procedures/

Gornig, M. (2017, (retrieved: 25th of October, 2021)). Qualitätssiegel "Made in Germany" ist noch zu retten. *DIW-Wochenbericht.* Retrieved from https://nbn-resolving.org/urn:nbn:de:101:1-201803187662

Graves, C., & Thomas, J. (2008). Determinants of the internationalization pathways of family firms: An examination of family influence. *Family Business Review, 21*(2), 151-167.
Gray, D. E. (2022). *Doing research in the real world* (5th edition. ed.). London: SAGE.
Grigg, J. (1978). *Lloyd George, the People's Champion, 1902-1911*: Eyre Methuen.
Guba, E. G., & Lincoln, Y. S. (1994). Competing paradigms in qualitative research. In N. K. Denzin & Y. S. Lincoln (Eds.), *Handbook of qualitative research* (pp. 105-117). Thousand Oaks, CA: Sage.
Guillén, M. F. (2011). *The rise of spanish multinationals : European business in the global economy* (1st ed.). Cambridge, UK ;: Cambridge University Press.
Haunschild, L., & Wolter, H.-J. (2010, (retrieved: 27th of May, 2021)). Volkswirtschaftliche Bedeutung von Familien-und Frauenunternehmen. Retrieved from https://www.econstor.eu/bitstream/10419/51545/1/656495669.pdf
Haussmann, H., Holtbrügge, D., Rygl, D., & Schillo, K. (2006). Erfolgsfaktoren mittelständischer Weltmarktführer. *Nuremberg: University of Erlangen-Nuremberg, Department of International Management*.
Heshmati, A. (2001). On the growth of micro and small firms: evidence from Sweden. *Small Business Economics, 17*(3), 213-228.
Hildebrandt, A., & Neumüller, W. (2018). *Visionäre von heute–Gestalter von morgen*: Springer.
Hisrich, R. D. (2015). *International entrepreneurship: starting, developing, and managing a global venture*: Sage Publications.
Hofstede, G. (2001). *Culture's consequences : comparing values, behaviors, institutions, and organizations across nations* (2nd ed.). Thousand Oaks, Calif.: Sage Publications.
Hohti, S. (2000). Job flows and job quality by establishment size in the Finnish manufacturing sector 1980–94. *Small Business Economics, 15*(4), 265-281.
Hood, J. C. (2007). Orthodoxy vs. power: The defining traits of grounded theory. *The Sage handbook of grounded theory*, 151-164.
Hsu, W. T., Chen, H. L., & Cheng, C. Y. (2013). Internationalization and firm performance of SMEs: The moderating effects of CEO attributes. *Journal of World Business, 48*(1), 1-12. doi:10.1016/j.jwb.2012.06.001
Johanson, J. (2020). The Uppsala model: Networks and micro-foundations. *Journal of International Business Studies, 51*(1), 4-10. doi:10.1057/s41267-019-00277-x
Johanson, J., & Vahlne, J.-E. (1977). The internationalization process of the firm - A model of knowledge development and increasing foreign market commitments. *Journal of International Business Studies, 8*(1), 23.
Johanson, J., & Vahlne, J.-E. (2003). Business relationship learning and commitment in the internationalization process. *Journal of international entrepreneurship, 1*(1), 83-101.
Johanson, J., & Vahlne, J.-E. (2009). The Uppsala internationalization process model revisited: From liability of Foreignness to Liability of Outsidership. *Journal of International Business Studies, 40*(9), 1411-1431.
Johanson, J., & Vahlne, J. E. (1990). The mechanism of internationalisation. *International Marketing Review*.
Johanson, J., & Wiedersheim-Paul, F. (2017). The Internationalization of the Firm—Four Swedish Cases 1. In *International Business* (pp. 127-144): Routledge.
Jones, M. V., & Coviello, N. E. (2005). Internationalisation: conceptualising an entrepreneurial process of behaviour in time. *Journal of International Business Studies, 36*(3), 284-303.

Jönsson, S., & Lukka, K. (2005, (retrieved: 16th of May, 2018)). Doing interventionist research in management accounting. Retrieved from https://gupea.ub.gu.se/bitstream/handle/2077/2987/2005-6_for_web.pdf?sequence=1&isAllowed=y

Karami, M., Wooliscroft, B., & McNeill, L. (2020). Effectuation and internationalisation: a review and agenda for future research. *Small Business Economics : An Entrepreneurship Journal, 55*(3), 777-811. doi:10.1007/s11187-019-00183-4

Killam, L. (2013). *Research terminology simplified: Paradigms, axiology, ontology, epistemology and methodology*: Laura Killam.

Kogut, B., & Singh, H. (1988). The Effect of National Culture on the Choice of Entry Mode. *Journal of International Business Studies, 19*(3), 411-432.

Korosteleva, J. (2009, (retrieved: 04th of June, 2022)). Internationalization and high-potential entrepreneurship. *Thunderbird International Business Review.* Retrieved from http://search.ebscohost.com/login.aspx?direct=true&db=bth&AN=37922667&site=bsi-live

Kuckartz, U. (2016). Qualitative Inhaltsanalyse. Methoden, Praxis, Computerunterstützung (Grundlagentexte Methoden, 3., überarbeitete Auflage). *Weinheim: Beltz Juventa, 9*, 2017.

Kuckartz, U. (2017). Datenanalyse in der Mixed-Methods-Forschung : Strategien der Integration von qualitativen und quantitativen Daten und Ergebnissen. *KZfSS Kölner Zeitschrift für Soziologie und Sozialpsychologie, 69*(2), 157-183. doi:10.1007/s11577-017-0456-z

Kudina, A., Yip, G. S., & Barkema, H. G. (2008). Born Global. *Business Strategy Review, 19*(4), 38-44. doi:10.1111/j.1467-8616.2008.00562.x

Kühtz, S. (2020). *Wissenschaftlich formulieren: Tipps und Textbausteine für Studium und Schule* (Vol. 3471): Verlag Ferdinand Schoeningh.

Lehmann, E. E., Schenkenhofer, J., & Wirsching, K. (2019). Hidden champions and unicorns: a question of the context of human capital investment. *Small Business Economics, 52*(2), 359-374. doi:10.1007/s11187-018-0096-3

Lehrer, M., & Schmid, S. (2020). Strategic discipline: inconspicuous lessons from Germanic Mittelstand firms. *The Journal of Business Strategy, 41*(4), 3-9. doi:10.1108/JBS-03-2019-0058

Lehrer, M., & Schmid, S. (2022). Keeping it personal while growing the business: the German Mittelstand approach. *Journal of Business Strategy, 43*(3), 148-156. doi:10.1108/JBS-11-2020-0260

Lewins, A., & Silver, C. (2007). *Using software in qualitative research : a step-by-step guide*. Los Angeles ;: SAGE.

Lincoln, Y. S., Lynham, S. A., & Guba, E. G. (2011). Paradigmatic controversies, contradictions, and emerging confluences, revisited. *The Sage handbook of qualitative research, 4*, 97-128.

Lopez, G. I., Figueroa, M., Connor, S. E., & Maliski, S. L. (2008). Translation barriers in conducting qualitative research with Spanish speakers. *Qualitative Health Research, 18*(12), 1729-1737.

Macharzina, K., & Oesterle, M.-J. (2002). *Handbuch Internationales Management: Grundlagen-Instrumente-Perspektiven*: Gabler Verlag.

Maxwell, J. A., & Chmiel, M. (2014). Notes toward a theory of qualitative data analysis. *The SAGE handbook of qualitative data analysis*, 21-34.

May, T. (2011). *Social research: Issues, methods and research*: McGraw-Hill Education (UK).

May, T., & Perry, B. (2022). *Social research: Issues, methods and process*: McGraw-Hill Education (UK).

Mayring, P., & Fenzl, T. (2019). Qualitative inhaltsanalyse. In *Handbuch Methoden der empirischen Sozialforschung* (pp. 633-648): Springer.

McDonald, F., Krause, J., Schmengler, H., & Tüselmann, H.-J. (2003). Cautious International Entrepreneurs: The Case of the Mittelstand. *Journal of international entrepreneurship, 1*(4), 363-381. doi:10.1023/A:1025681408112

Meffert, J., Mohr, N., & Richter, G. (2020, (retrieved: 07th of August, 2022)). How the German Mittelstand is mastering the Covid-19 crisis. Retrieved from https://www.mckinsey.de/~/media/McKinsey/Business%20Functions/McKinsey%20Digital/Our%20Insights/How%20the%20German%20Mittelstand%20is%20mastering%20the%20COVID%2019%20crisis/How-the-German-Mittelstand-is-mastering-the-COVID-19-crisis-v5.pdf

Miles, M. B., Huberman, A. M., & Saldaña, J. (2014). *Qualitative data analysis : a methods sourcebook* (Third edition. ed.). Thousand Oaks, Califorinia: SAGE Publications, Inc.

Mittelstandsforschung, I. f. (2021a, (retrieved: 09th of April, 2021)). Mittelstand definition of the IfM Bonn. Retrieved from https://www.ifm-bonn.org/en/definitions/mittelstand-definition-of-the-ifm-bonn

Mittelstandsforschung, I. f. (2021b, (retrieved: 09th of April, 2021)). SME definition of the IfM Bonn. Retrieved from https://www.ifm-bonn.org/en/definitions/sme-definition-of-the-ifm-bonn

Moen, O. (2002). The Born Globals: A new generation of small European exporters. *International Marketing Review, 19*(2/3), 156. doi:10.1108/02651330210425015

Moeuf, A., Lamouri, S., Pellerin, R., Tamayo-Giraldo, S., & Tobon-Valencia, E. (2020). Identification of critical success factors, risks and opportunities of Industry 4.0 in SMEs. *International Journal of Production Research, 58*(5), 1384-1400. doi:10.1080/00207543.2019.1636323

Morais, & Ferreira. (2020). SME internationalisation process: Key issues and contributions, existing gaps and the future research agenda. *European Management Journal, 38*(1), 62. doi:10.1016/j.emj.2019.08.001

Moses, J. W., & Knutsen, T. L. (2019). *Ways of knowing: Competing methodologies in social and political research*: Macmillan International Higher Education.

Mühlbauer, H. (2018). *"Made in Germany" als Marke und Kennzeichnung : Möglichkeiten und Einschränkungen = "Made in Germany" as a brand and marking : Possibilities and restricitons* (1. Auflage, 1st edition. ed.). Berlin: Beuth.

Nielsen, Marinova, S. T., & Marinov, M. A. (2022). *Business models and firm internationalisation*. New York, NY: Routledge.

Nielsen, & Nielsen, S. (2011). The role of top management team international orientation in international strategic decision-making: The choice of foreign entry mode. *Journal of World Business, 46*(2), 185-193. doi:10.1016/j.jwb.2010.05.003

Orton-Jones, C. (2013). Family matters. *Financial Management, 14719185*(42), 5.

Peng, M. W., & Meyer, K. (2019, (retrieved: 29th of March, 2022)). International business. Third edition. Retrieved from https://search.ebscohost.com/login.aspx?direct=true&scope=site&db=nlebk&db=nlabk&AN=2639362

Petersen, B., Pedersen, T., & Lyles, M. A. (2008). Closing knowledge gaps in foreign markets. *Journal of International Business Studies, 39*(7), 1097-1113. doi:10.1057/palgrave.jibs.8400409

Rädiker, S., & Kuckartz, U. (2019). *Analyse qualitativer Daten mit MAXQDA Text, Audio und Video*. Wiesbaden: Springer VS.

Rennie, M. W. (1993). Born global. *The McKinsey Quarterly*(4), 45-53.

Rickes, S., & Hassell, J. v. (2008). *So gewinnt der Mittelstand! die Erfolgsmethode kleiner und mittlerer Unternehmen (und was die großen von ihr lernen können)* (1. Aufl. ed.). Wiesbaden: Gabler.

Rockart, J. F. (1979). Chief executives define their own data needs. *Harvard Business Review, 57*(2), 81-93.

Röhl, K.-H. (2020). *Corona-Krise: So unterstützt die Bundesregierung den Mittelstand*. St. Louis: Federal Reserve Bank of St Louis.

Rugman, A. M. (2005). *The regional multinationals: MNEs and 'global' strategic management*: Cambridge University Press.

Sandelowski, M. (1998). Writing a good read: Strategies for re‐presenting qualitative data. *Research in nursing & health, 21*(4), 375-382.

Sarantakos, S. (2017). *Social research*: Bloomsbury Publishing.

Saridaki, E. (2021). Vinay & Darbelnet's Translation Techniques: A Critical Approach to their Classification Model of Translation Strategies. *International Journal of Latest Research In Humanities And Social Science*, 135-137.

Saunders, Lewis, P., & Thornhill, A. (2019). *Research methods for business students* (Eighth edition. ed.). Harlow, United Kingdom: Pearson.

Schenkenhofer, J. (2022). Hidden champions: a review of the literature & future research avenues. *Management Review Quarterly*. doi:10.1007/s11301-021-00253-6

Schreier, M. (2012). *Qualitative content analysis in practice*: Sage publications.

Schweizer, R., Vahlne, J.-e., & Johanson, J. (2010). Internationalization as an entrepreneurial process. *Journal of international entrepreneurship, 8*(4), 343-370. doi:10.1007/s10843-010-0064-8

Scotland, J. (2012). Exploring the philosophical underpinnings of research: Relating ontology and epistemology to the methodology and methods of the scientific, interpretive, and critical research paradigms. *English language teaching, 5*(9), 9-16.

Scott, S., & Venkataraman, S. (2000). The promise of entrepreneurship as a field of research. *Academy of Management. The Academy of Management Review, 25*(1), 217-226.

Shaver, J. M. (2013). Do we really need more entry mode studies? *Journal of International Business Studies, 44*(1), 23-27.

Silverman, D. (2010). *Doing qualitative research* (3rd ed.). London: SAGE Publications.

Silverman, D. (2017). *Doing qualitative research* (Fifth edition. ed.). Los Angeles: SAGE Publications.

Simon, H. (1992). Lessons from Germany's Midsize Giants. *Harvard Business Review, 70*(2), 115.

Simon, H. (1996). *Die heimlichen Gewinner = Hidden champions: die Erfolgsstrategien unbekannter Weltmarktführer*. Frankfurt a.M.: Campus.

Simon, H. (2007). *Hidden Champions des 21. Jahrhunderts die Erfolgsstrategien unbekannter Weltmarktführer*. Frankfurt, M.: Campus-Verl.

Simon, H. (2009). *Hidden champions of the twenty-first century: success strategies of unknown world market leaders* [1 online resource (xvi, 402 pages): illustrations].

Sirmon, D. G., Hitt, M. A., Ireland, R. D., & Gilbert, B. A. (2011, (retrieved: 10th of August, 2022)). Resource orchestration to create competitive advantage: Breadth, depth, and life cycle effects. *Journal of management.* Retrieved from https://journals-sagepub-com.glos.idm.oclc.org/doi/10.1177/0149206310385695

Smith, J. A., Flowers, P., & Larkin, M. (2022). *Interpretative phenomenological analysis: theory, method and research* (2nd edition. ed.). London: SAGE.

Starbuck, W. H. (1965). Organizational growth and development. *Handbook of organizations, 111*, 451-533.

Statista, G. (2020, (retrieved: 3th of July, 2022)). Number of firms in Germany: number of firms, size versus legal forms for 2019. Retrieved from https://de.statista.com/statistik/daten/studie/237346/umfrage/unternehmen-in-deutschland-nach-rechtsform-und-anzahl-der-beschaeftigten/#professional

Stirling, W. (2014, (retrieved: 12th of September, 2022)). Don`t go ape over German success. Retrieved from https://www.raconteur.net/dont-go-ape-over-german-success/

Stonehouse, G., Campbell, D., Hamill, J., & Purdie, T. (2009). *Global and transnational business: Strategy and management*: John Wiley & Sons.

Tanev, S. (2012). Global from the Start: The Characteristics of Born-Global Firms in the Technology Sector. *Technology Innovation Management Review, 2*(3), 5-8. doi:10.22215/timreview532

Tashakkori, A., Johnson, B., & Teddlie, C. (2021). *Foundations of mixed methods research : integrating quantitative and qualitative approaches in the social and behavioral sciences* (Second edition. ed.). Thousand Oaks, California: SAGE Publications, Inc.

Trudgen, R., & Freeman, S. (2014). Measuring the Performance of Born-Global Firms Throughout Their Development Process: The Roles of Initial Market Selection and Internationalisation Speed. *Management International Review, 54*(4), 551-579. doi:10.1007/s11575-014-0210-y

Turnbull, P. W. (1985). *Internationalization of the Firm: a Stage Process or not.* Paper presented at the Conference on Export Expansion and Market Entry Modes, Dalhousie University, Halifax.

Ughetto, E. (2016). Growth of born globals: the role of the entrepreneur's personal factors and venture capital. *International Entrepreneurship and Management Journal, 12*(3), 839-857. doi:10.1007/s11365-015-0368-1

Usunier, J.-C. (2006). Relevance in business research: the case of country-of-origin research in marketing. *European Management Review, 3*(1), 60-73. doi:10.1057/palgrave.emr.1500049

Usunier, J.-C., & Lee, J. A. (2012). *Marketing Across Cultures*: Pearson Education.

Venohr, B., & Langenscheidt, F. (2010). Das Erfolgsmodell der deutschen Weltmarktführer. *Lexikon der deutschen Weltmarktführer. Die Königsklasse deutscher Unternehmen in Wort und Bild. Deutsche Standards Editionen, Köln*.

Venohr, B., & Meyer, K. E. (2007, (retrieved: 07th of November, 2019)). The German miracle keeps running how Germany's hidden champions stay ahead in the global economy. *Working Paper des IMB 30.* Retrieved from http://hdl.handle.net/10419/74371

Vinay, & Darbelnet, J. (1967). *Stylistique comparee du francais et de l'anglais; methode de traduction*. Paris: Didier.

Vinay, & Darbelnet, J. (1995). *Comparative stylistics of French and English: A methodology for translation* (Vol. 11): John Benjamins Publishing.

Wach, K. (2021). The evolution of the Uppsala model: Towards non-linearity of internationalization of firms. *International Entrepreneurship Review, 7*(2), 7-19. doi:10.15678/IER.2021.0702.01

Welch, L. S., & Luostarinen, R. (1988). Internationalization: evolution of a concept. *Journal of general management, 14*(2), 34-55.

Welter, F., Bijedic, T., Brink, S., & Kriwoluzky, S. (2014). *Triebwerk des Erfolgs der deutsche Mittelstand im Fokus*. Bonn: Inst. für Mittelstandsforschung.

Welter, F., Levering, B., & May-Strobl, E. (2016, (retrieved: 18th of August, 2022)). Mittelstandspolitik im Wandel. Retrieved from https://www.econstor.eu/handle/10419/142238

Welter, F., May-Strobl, E., Holz, M., Pahnke, A., Schlepphorst, S., Wolter, H.-J., & Kranzusch, P. (2015, (retrieved: 19th of August, 2022)). Mittelstand zwischen Fakten und Gefühl. Retrieved from https://www.econstor.eu/handle/10419/107138

Werner, A., Schröder, C., & Mohr, B. (2013, (retrieved: 04th of August, 2022)). Innovationstätigkeit von Familienunternehmen. Retrieved from https://www.econstor.eu/handle/10419/88548

Wertz, M. S., Nosek, M., McNiesh, S., & Marlow, E. (2011). The composite first person narrative: Texture, structure, and meaning in writing phenomenological descriptions. *6*(2), 1-10. doi:10.3402/qhw.v6i2.5882

Yin, R. K. (2014). *Case study research: Design and methods* (5th ed.). Los Angeles: SAGE Publications, Inc.

Zahra, S. A., Wright, M., & Abdelgawad, S. G. (2014). Contextualization and the advancement of entrepreneurship research. *International Small Business Journal, 32*(5), 479-500. doi:10.1177/0266242613519807

Zhou, X., & Hall, J. N. (2018). Mixed Methods Papers in First-Person and Third-Person: Writing Voices in Dialogue. *Journal of Mixed Methods Research, 12*(3), 344-357.

Zieba, M. (2014). *Critical Success Factors for Knowledge Management in SMEs in the KIBS Sector*. Kidmore End: Academic Conferences International Limited.

Appendix 1: Final version of the interview guide

For each owner-manager interview, the following issues were raised and discussed by the researcher before the commencement of the interview:

a) Reassure the interviewee of confidentiality at all times: i.e. anonymising of interviewee names/non-disclosure of business names/security of data.

b) Introduction of the researcher (i.e. the interviewer), a brief explanation of his interest and the purpose of the interview, reassured the respondent of confidentiality and asked permission to record the interview.

The following set of questions formed the interview guide (the number of questions was reduced from 15 after conducting the pilot interviews):

1. Initial orientation questions about the business, including the sector, year of the firm's foundation, main markets, proportion of sales turnover from other countries, etc.).

2. What was your first experience of international business, sales or procurement?

3. First international sale (where was it from, how did you get the business, etc.).

4. Was that due to a deliberate strategy of internationalisation (i.e. active), or were you responding to an order/enquiry (i.e. reactive)?

5. How did your international business develop from that point? (sales growth, countries, etc. - try to construct a timeline with milestones).

6. What did you learn from your early and later experiences of internationalisation? (e.g. difficulties, challenges, insights gained etc.).

7. How did these experiences change your thinking about your internationalisation strategy?

8. How do you want/expect your international business to develop into the future?

9. What do you see as the main challenges that you will face in developing your international business?

10. If you were starting out today in building your international business, what would you do differently?

The important things at this stage are to create an open and relaxed discussion and to allow the respondent to talk about the development of their IB and reflect on what they have learned from their experiences.

Appendix 2: Example of a translated interview transcript

The text that follows is a transcript of the interview with an owner-manager in the main sample. Note: the firm and owner-manager are not identified for reasons of confidentiality.

1	Interviewer: I
2	Respondent: R
3	I: Good. Today we are at company X, with Mr Y. Thank you for the invitation. Perhaps, to begin with, we can talk about the primary activities and the focus of the company. ()
4	R: Of course. company X is the world's leading supplier of ... today, so the most natural form of dying. Shall I briefly explain how we were founded, or shall we do that later? Basically, we produce ... for the food industry and we are the pioneers in .... We extract dyes from foodstuffs for foodstuffs. ()
5	I: It is very much a niche market, is that right? If I understand correctly. ()
6	R: Yes. ()
7	I: You were talking about founding; when was the company founded? ()
8	R: My father founded the company in … in 1978 and we moved to … relatively soon, because we had the first production site there. My father wanted to produce in …, but the authorities asked too many questions about water consumption, noise pollution and so on, which he did not know anything about. We had an uncle in … who had a vacant hall there, and he said: “Mr A,” that's my father, “you can come and put up the machines here and start your business, and we will see.” So, the first machines went to …, it was very low-scale – technology scale – and we’ve been there ever since, and we’re very much at home there. ()
9	I: What was the company's turnover in 2017 and how many employees did you have? ()

10	R: Turnover and the number of employees this year? ()
11	I: Yes. ()
12	R: I cannot give you any exact numbers, but our turnover is always between … and … million. Is that sufficient for you? ()
13	I: Absolutely fine. ()
14	R: The number of employees is between 300 and 500. ()
15	I: That's a lot of fluctuation. ()
16	R: No, not at all. It increases constantly; we grow by … to …% every year. ()
17	I: If you compare it, the direction is … million, but I am sure it was totally different in the beginning. Did the company start from scratch? ()
18	R: Yes, absolutely, from the garage, 1978, the first machines were in the … in 1979. The first customer was in …, from the food industry in …. He basically also gave us the idea. My father visited this food manufacturer as a doctorate student – I can say it– it was …, and he told them that he had something that might interest them – a natural grape extract that contains colour, which is more stable than anything else on the market. He asked them if they were interested in using it for food colouring, and they said they could use it. That was the beginning of company X – making a natural extract from one product, red grapes, for colouring purposes. ()
19	I: The way you've just described it, would you say that your father took a very bold step? ()
20	R: Yes. He had three children and a wife at home. He had completed his doctorate and during his studies, he had learned the process of how to extract natural pigments. He believed in the idea of using foodstuffs for colouring. Back then there were only artificial food dyes, there was no market for natural ones back then because artificial ones were cheap and worked. And basically, it was the belief that foodstuffs should essentially be coloured with other foodstuffs. ()
21	I: What is the foreign turnover share today? ()
22	R: From Germany, …%. ()

23	I: Does that mean that you supply the whole world or only certain regions in Europe or in the world? ()
24	R: No. I can roughly tell you. It's …% United States, …% Europe and …% Asia. Of the …% in Europe, …% is Germany. ()
25	I: Since I do not know much about you, do you produce primarily in Germany? ()
26	R: We produce …% in Germany and …% in the Netherlands. We have two plants, one in … and one in …, near …. ()
27	I: You mentioned regional markets, you said the United States okay. In the EU – are there any major markets or countries for your business? ()
28	R: The United States is the most important individual market for us. Or do you mean beverages, cereals, yogurt or things like that in the United States? ()
29	I: It would be nice if you could differentiate. ()
30	R: In the United States, … are the main market. The groups globally: … are number one, then …. and then …, so … or … products. ()
31	I: As a naive person, I imagine beverages like Coca Cola, that need to be coloured. ()
32	R: Exactly. Basically, … of the … biggest food manufacturing groups are our customers. The top brands, without mentioning them by name, but they are the biggest companies in the world. ()
33	I: Getting back to the beginnings of the successful history of company X. Did your father start the business as a pure selling business, or did he purchase from foreign countries during the initial phase? ()
34	R: Company X is a technology company, so, the name stands for …, so the idea has always been to make better products. To begin with, he imported and processed raw products from …, and in the end, he had a better product. The first customer was in …; I think the second customer was even from …. ()
35	I: I wanted to ask you about that. The first step, when you were trying to get into the foreign market, was …? ()

36	R: Yes, it was also a … preparation manufacturer, do you know what that is? A jam manufacturer: jam contains a lot of food colouring, nobody knows that, but it's a fact. A … yogurt, which has a fruit preparation in one corner, contains strawberries, but strawberries get brown relatively quickly, and therefore these companies buy colouring, and meanwhile, they are using natural colouring. ()
37	I: Can you remember how it used to be done? Were the products insured. Was it done on the basis of trust, or did you get payment in advance? ()
38	R: I asked my father, funnily enough he was here just a few moments ago. He said he always did what the customers wanted: ex works, DDP, but no advance payment back then either. Payment was based on trust – we always took the risk. ()
39	I: Is trust an important value for you? ()
40	R: In the food industry, trust is the most important aspect of all. Our customers always tell us, company X, that we can do whatever we want to, but no surprises. We are expected to be able to supply products always; just imagine if a top brand can't get any colouring! That leads to great losses. Our customers appreciate the fact that we can always supply them. That also makes us successful in this market. ()
41	I: Regarding volumes... Of course, trust is as important as it is in flying, I trust the product, I eat it, it is often a luxury food, but how is it in concrete terms? For someone who knows nothing about it, are we talking about just a few drops that are added, or rather about tons of food colouring? ()
42	R: Of course, we provide our customers with several tons, but the final beverage, the …, usually only contains 0.5% or 1% at the most. But his 0.5% has an enormous impact on the product, because it provides the colour, and if the colour is not perfect, the customer does not buy it. If the colour does not work, and the product stays on the shelves and gets brown or clotted, it results in great losses for the customer. This 0.5% has an enormous impact. From a monetary point of view, it is not that important. Of course, the customer pays a great deal more for sugar,

	flavouring, packaging and marketing, so we often stay under the radar during the purchase, but it has a great potential for benefit or damage. ()
43	I: Coming back to the initial business you did in …. Was it, or perhaps it was your father – was it already a strategic step or did you just respond to a request? ()
44	R: I think it was the need, or the desire, to sell more, because we needed to grow. One customer alone is not enough. They probably had a look at the existing … manufacturers, and wrote them a friendly letter with a request, and they probably also visited them. It really was pioneer work. ()
45	I: If we look at the history on a timeline, you moved beyond Germany to …, …. And did it then start to roll by itself? Can you describe that a bit? ()
46	R: Exactly. We moved beyond Germany, across Europe. Basically, the first milestone was when we went to the United States in the late 1980s – across the big pond, with a distributor. ()
47	I: So, that involved wholesaling? It is not always direct business, but both direct business and wholesale business? ()
48	R: Exactly. First, we were active in Europe without any distributors, then we started our business in the United States with a distributor. We did that for several years, but it did not work out. We learned a lot from that, because our products are so special, and they require a lot of explanation, so most distributors were not willing to do it. ()
49	I: Was that one of the main reasons? The lack of explanation and the time the distributor did not invest in your products? ()
50	R: Exactly. A distributor prefers to sell sugar or apple juice concentrate, so-called commodities, where he doesn't need to explain too much, and the volumes are high. The margin might not be that high, but if he can sell several tons, he has better or quicker profit than with our products, because the development work until the customer understands the company X food colouring is two, three perhaps even four years before they begin to understand what our products are, how they function. Then they test, and test, and test, and after two or three years, we can

	supply them with the first few kilograms. No distributor has the patience for that, because within that time, they could have sold several tons of sugar. ()
51	I: So, it did not really work in the beginning? ()
52	R: It did not work at all, so we ditched the distributors and decided to do everything ourselves. In the mid-1990s we opened our first foreign subsidiary in …. ()
53	I: An independent subsidiary, under the name of company X? ()
54	R: 100% company X. We did that with a fresh youngster from …, whom we knew personally. He used to be a professional … there, and when his career ended, he didn't really know what to do. He was a great guy and we trusted him. We told him he was great and that he could come to us in … for one year. We trained him for a year and sent him back to New York. He opened the subsidiary for us, and since then, he has been working for us in the American market, and he does it very well. ()
55	I: But, don't you need a native speaker for the US market? ()
56	R: Yes, but he is an American. He went there when he was 15 years old, on a … scholarship, and started a … career there. He is an American at heart, but he's also a guy from …, so he understands both worlds. But you need an American. ()
57	I: And … is still your headquarters for the American market? ()
58	R: Yes. ()
59	I: Just the United States or also Canada and...? ()
60	R: We are now also controlling Canada and South America from there. ()
61	I: Everything is controlled from New York, even Argentina and Tierra del Fuego? ()
62	R: Exactly. For a long time, we only worked with our own affiliates, and in 2003 we got into Spain, shortly afterwards into Italy... ()
63	I: Affiliates? Do you mean your representatives? ()
64	R: No, our own company X offices, 100% subsidiaries, our own company X offices. In our offices we always have a sales department, but also an application

	department, so a laboratory where we can develop … and … and colour them together with our local customers. Our own laboratories. We call it sales and application, with the required technology. ()
65	I: Are company X activities controlled mainly by the headquarters, about innovation, or do you think global but act local, since you have just mentioned it? ()
66	R: We used to control everything from the headquarters; innovations were purely technology-driven, from … and … into the world. New products only came from there. Now we are doing both; we look at the … market and ask ourselves what they need. What are their colour preferences, what can we do there? Then we develop products specifically for the … market. We have reversed things a bit. ()
67	I: Since you are a very family-oriented company, are you a German company or how would you describe your set-up and mentality? ()
68	R: We are certainly German, but also …. I would say we are totally European. The German-… mixture, I speak … to my colleagues in …. At the sales meeting last week, I noticed that we are becoming more and more global. We have colleagues from Dubai, China, Singapore, Mexico, so I would say we are a global family now, not only because it's a family-owned company, but because we value the global family. We presented our family values last week – the fundamental basis according to which we want to do business globally, the family and company values that we all share. ()
69	I: Can you describe it in one or two sentences? ()
70	R: The three core values are the pioneering spirit, which has defined us from the start, and just because we have grown bigger and more professional, we mustn't allow ourselves to lose that pioneering spirit. Somehow, we still see ourselves as a start-up. When they go through the affiliates, the customers notice that everything still feels like a start-up in terms of spirit, even though we have become a real company. ()
71	I: Keeping this aspect in mind, isn't it a huge challenge for you as the owner, to integrate all these different cultures into a kind of family? ()

72	R: Yes, that is right. It is a challenge. It's also a lot of fun; my brother and I used to work for global companies before our careers at company X, therefore this is nothing new for us. My brother worked for …, I worked for …, both in global teams, and having worked in a global environment was a huge advantage for us. ()
73	I: You said the pioneering aspect was very important. ()
74	R: Yes. ()
75	I: What are the other two? ()
76	R: The second aspect is operating a responsible supply chain, responsibility, regarding our supply chain, our farmers. We grow everything ourselves; we have contact to the farmers, and this has been the case for 40 years, the farmers we worked with in the beginning are still working for us. ()
77	I: Globally? I guess you need many different products for these colour compositions. ()
78	R: Exactly. We grow our products in the areas where the climate is best for them. It has an impact on the colour, so we source products from four continents, Asia, Europe, Africa and South America. ()
79	I: Do your employees work almost exclusively on the road in other countries? ()
80	R: Yes. Our agricultural engineers are always in these countries growing our raw products for us. ()
81	I: Finally, the third aspect? ()
82	R: Last but not least is family spirit. It is based on diversity, respecting others, trust. ()
83	I: Is trust an important value? ()
84	R: Yes. ()
85	I: We've already spoken about that, but what about your interaction with employees? ()
86	R: Yes. It is probably one of our most important values here. ()

87	I: Do you like criticism? ()
88	R: Yes. Under family spirit, we have defined three guiding principles: communicate openly and directly. We want to act with an open visor, which is very German – we want to be honest if something is not going well. That is difficult to do with other cultures, in particular the British culture, but we want to be open and direct, and the other cultures need to learn that. ()
89	I: How long have you been at the company? ()
90	R: My brother and I have been working at the company for … years now. ()
91	I: … years is quite a long time, but also from your father's experience, what have you learnt from this internationalisation so far? You said you used to work for another company. What experiences have you had when taking these steps into new countries or new areas? ()
92	R: It has changed a bit, because our products can be explained more easily now; the market and the world know our products now. Therefore, we have changed our strategy slightly. My father only worked through our own affiliates, because our products needed a lot of explaining at that time. Now our products have become mainstream, people know our products, which is why we are working together with distributors more and more and have an increasing global footprint. Today we have 12 subsidiaries, we are active in 70 countries, but I think we have 20 distributors on top, who take care of the different countries, and the trend is increasing. ()
93	I: May I interrupt you? Is there a learning curve for your distributors today, are they still moving packages or barrels around, or are these distributors now very proactive on the market? ()
94	R: Yes, they need to be. There are some countries like Vietnam, where we would never open a subsidiary, because we think there is no potential at the moment and there won't be for the next ten years. We use distributors in these countries, to open the market, to explain our products, to build up the market a bit. ()

95	I: To build up the market. Going back a few years, perhaps, from your father's experience or your own experience, what were the biggest challenges and difficulties for your company during internationalisation? ()
96	R: We have learned a lot in some countries, sometimes the hard way, where we thought we had to bring the whole package into the country, for example …. We opened a subsidiary and employed five people and established a perfect IT system there, a laboratory, everything very complex, but the most important thing is looking for customers and testing the market. We established a structure that was far too complex, the overhead costs were too high, and with the complex IT structure that was connected to the headquarters, we paralysed our whole business there in …. … is a difficult market anyway, and if you establish an ERP system there, we worked with Vision, not SAP but Vision, and that paralysed the business even further, so they didn't have the time to go out and see the customers. That is very expensive, the maintenance and so on, and we would never do it like that again. If we were to go to … again, we might look for one or two salespeople, perhaps even from a home office, who would drive around and test the market, and if it worked out, we could open an office in about five years. ()
97	I: Learning the hard way – that means it's still an issue, but you do things differently now? ()
98	R: Yes. It is still difficult, the entire package works, but as an individual profit centre, … is a catastrophe. We moved into … five years ago. ()
99	I: In this context, as a German company going global, are there also linguistic or cultural challenges, of course, directive respect and so on, I guess it is not an easy task? ()
100	R: I think the European mentality, or the German mentality, is appreciated highly in the world. People think it is good that we are German, and the German way has a reputation of quality somehow. Of course, we often reach our limits, for example in South America. The mentality is very different from ours and very strange to us. We have been trying to open a plant in South America for three years now, to start production there, and the local authorities give us grey hairs. Bureaucracy, different

	cultures, … – it takes the joy out of it. We want to establish something good there, the vegetables and fruit grow very well there, perfectly, but it doesn't work with the people there. ()
101	I: If I understood you correctly, you produce mainly here and in …. You do not have anything against South America, but you have very high-quality standards and your customers' demands mean that you need to produce top value, and you can't fall below this value. I guess that is a huge challenge and it takes a lot of courage to take this step. So, why do you do it in the first place - because of the transport costs or the proximity to the market? ()
102	R: Yes, exactly. For us, the most important aspect is the proximity to the raw goods, so, as little transport as possible. Today we must transport goods from South America to Europe for processing, so we need to dry or freeze the material. If you can process the goods there, fresh and just in time, that represents a great cost benefit, and that is the right way to do it. The disadvantage is that we have just built a new factory in …. We had a plan and a budget, and it was finished within one year, on budget, no surprises, perfect quality. In South America this would probably take five times as long. ()
103	I: Okay. Has – over the last … years during which you have been on board very proactively – has your thinking about internationalisation or the internationalisation strategy of company X changed? Do you handle things differently now compared to six or seven years ago? ()
104	R: I would say I am also a young manager and I have learned a lot too, in particular practical things. What does building a factory in South America even mean, hands-on? Who do I need to talk to? I need to convince the major and the authorities and even the local population, because they think "some Germans want to come here and exploit our resources and exhaust our soils, and they won't pay us fairly", and so on. You need to convince a lot of people when you come into a strange culture as a foreigner. We could score with them, because we said we would build them a … for the local population. ()
105	I: I hope you have already built it. ()

106	R: Not yet, but we are working on it. But that was what convinced them. ()
107	I: May I ask where you want to go there? South America is a large continent. Is that …? ()
108	R: …. ()
109	I: … is predestined for... ()
110	R: Football. ()
111	I: Yes, football too, but potatoes originated there, and the selection of fruit available makes … ideal for this. ()
112	R: Yes. … has 200 different climatic zones, we can grow what we want there, the whole year around, so it is a paradise for us in that regard, but... ()
113	I: You read a lot about water shortage in …, because of the basin structure of the country? ()
114	R: Of course, water shortage, but … has a highly professional agricultural industry, particularly in the north. They are world leaders in asparagus cultivation. The green asparagus we eat in Europe is mostly from …, but also sugar, sugar cane, vast fields of sugar cane, and there are huge water system projects that divert the water from the …. There are major government projects, canal management systems where the whole coastal area towards the north is supplied with water. Therefore, there is no water scarcity there, but it is an issue in …. ()
115	I: Does your company perhaps cooperate a lot with universities there? I think there is the …, the university and so on. Is close cooperation very important? ()
116	R: Yes, in particular regarding the different varieties there are. In …, there are different gene databases where genomes are collected from different cultures. We know them and work together with them. ()
117	I: What do you expect in the future, regarding potential further expansion? What options do you see? ()
118	R: Basically, we see it as evolution. Europe has always been relatively strong, the US market is going to grow significantly over the next few years, the Americans are

	currently switching more and more to natural colouring. After that we think the Asian market is going to gain momentum. We are already in the Asian market, but that is going to be the third growth spurt. Basically, we are going to have three worldwide hubs in ten years' time: Europe, New York, so the Americas, North and South America, and an Asian hub. Currently we have an office in Singapore for the entire market in Southeast Asia. We still have to decide whether it will be in Singapore or China, but there will be one hub for Asia. ()
119	I: You are definitely a pioneer in the production of natural food colouring. Can company X also be described as an innovation company? ()
120	R: Yes, that is still true. We are still the market drivers, we are the global leaders in food colouring, and our goal is to maintain this lead. The market is opening, and we will get more and more competitors, so it is getting harder. We can already see that, but we accept the challenge. ()
121	I: Regarding innovation, your products will not be outdated or replaced by competitors tomorrow. As you said earlier, it is quite a long journey, first finding the appropriate product for the customer, but after that, you have a relatively intense, long-standing relationship with your customers? ()
122	R: Yes, exactly. As I said, the food industry is relatively conservative. If it is in the formula and you don't make any big mistakes, you basically remain in, unless the customer decides not to sell the product anymore, for example if he chucks the … off his shelves completely. However, if you are in e.g. in …, and the colouring works, and you can still offer market prices, the customer will remain loyal to you. ()
123	I: If you had the opportunity to take a step into internationality today, from scratch, beyond Germany, would you do anything differently? ()
124	R: To be honest, probably not. I would try a simpler approach for more remote regions such as São Paulo and Singapore, instead of starting with the big solution, so I would start small and grow from there. I wouldn't start with the whole overhead system and that would probably save a lot of time, effort and money. ()

125	I: Is that, for you as second generation – I think you have two brothers, and you took over a successful business from your father? Your father is not involved at all anymore? ()
126	R: Yes, exactly. ()
127	I: How do you interact with your brothers? Do you often exchange opinions, do you only make decisions among family members? Is your father involved in your decisions? ()
128	R: My father has not been involved in the company for four years now, neither in the operative business nor as a shareholder. Of course, we still discuss things around the kitchen table, so to speak, or we meet on the company premises at the weekend to exchange opinions. Apart from that, my brothers and I make the decisions, the tasks are allocated, and we do not get in one another's way too much in the operative business, but of course we reach an agreement when it comes to major investment decisions. ()
129	I: You said that you and your brothers have organised the business well between yourselves, there is no confusion. Does company X have a focused line of approach, a long-term strategy? ()
130	R: The company strategy? We have our own strategic goals, which we also communicate to the team. We have a road map to reach those goals. In the area of …, we also want to open new areas of business. We have specific turnover goals for new areas of business, which we are trying to reach. ()
131	I: Can you outline those areas of business, or the direction they will take? ()
132	R: Within the … industry, of course according to markets, within the core business, but we already have one or two areas of business beyond … as well, which are similar to our existing business, which are nature-based, which require natural processing, and which are also in the … sector. Things that have nothing to do with … but with other functionalities, for example fibres or proteins, we can do a lot in these areas as well. ()

133	I: To summarise, this internationalisation which has been driven in a positive sense over many years, more than 30 years now, and the set-up, almost a family atmosphere on a global level, if I can describe it like that? ()
134	R: Yes. ()
135	I: How important is "Made in Germany" to you? ()
136	R: Our customers are the global brands, and our customers, like I said, do not want any surprises. When they visit our factories and have a look at our quality systems it gives them a feeling of security. We even have some customers who only get their … from us, we are their only supplier, and that is a great sign of confidence because they usually have a supplier strategy as a brand, and if … says that we are their only supplier of colouring, that is a clear sign of confidence in us. ()
137	I: Since you are the next generation and very active in many markets, are you often on site, or how do you communicate apart from Skype and so on? ()
138	R: My brother and I are different in that regard. My brother is like the minister of the interior, and I am like the minister of foreign affairs. You could say that I am the front man, for the farmers, our partners on site, and for our customers. As a family business we visit the customers, and we are the only family business in this market. The other companies are all listed on the stock exchange, so this is also a huge asset for our customers, because they know that if they have a problem they can call …, and whether it's now or in five- or ten-years' time, … will probably still be here. ()
139	I: So, you are often on site too? ()
140	R: Yes, I try to be involved in all the important discussions with our major customers, in Europe, Asia and America. ()
141	I: Finally, is it still an added value if the German boss or owner is on site and involved in discussions? ()
142	R: Yes. We have a clear division. I am not active in sales. That is the task of our sales directors, and they are doing a perfect job and are very experienced, for example this … who has been working for us for over 20 years. If the owner is there

	once a year and shakes their hands and makes eye contact with them, and can establish a relationship with them, that is nice for the customers as well. Funnily enough this is particularly true in Germany. A lot of our German customers are family-owned businesses, in particular in the … industry, a lot of medium-sized companies. Having a very close relationship with the customers certainly creates added value. ()
143	I: Besides having contact with the owner, contacts are also essential, of course. Is networking a very important parameter that characterises medium-sized German companies? ()
144	R: Yes. In our industry. The German … industry is one large network. There is a … association, everyone knows everyone, it feels like a family, and as suppliers, we need to be very active there and know everybody. That is my job. ()
145	I: One final question: If you had one wish in favour of internationality in this context, is there anything you would like to have, anything you would like to be active in, a potential next step that is still very far away? ()
146	R: Our biggest challenge is to have contact people for the customers in the individual countries. Of course, we have contacts in Germany, but if we go to China or São Paulo, for example, where our competitors have been selling their … for 30-40 years, they know all the customers and industries, and we are the new kids on the block and need to become established in this field. This sales network, contacts in new countries, that is our biggest challenge. People who sell … already have their contacts who have known the companies for 30 years. If they began selling a more … alternative to their contacts or customers, they would take away the market share from us. Fortunately, we have the better products, so they cannot provide anything like this, but if they had our products it would be very easy for them to sell these natural products to the existing customers. ()
147	I: You need to know the direct customer. You mentioned your willingness and that it is more about the natural products, and if you have these contacts you can just open the doors. ()

148	R: Exactly, we do not have these long-term relationships and the trust of the customers in the new markets. It always takes five years until someone says: “company X is here to stay and now I’ll buy my first kilogram from them”. In the … industry it takes a very long time to establish trust. ()
149	I: Thank you very much. I wish you every success. Thank you for the interview. ()
150	R: It was a lot of fun. Good luck. ()

Appendix 3: Examples of 2 interview summaries

Interview 1:

Summary: Firm 14 operates in the industrial and medical gas industry and is currently the largest privately-owned and owner-managed firm in the global sector. There is a second firm, an affiliate, which is involved in welding and cutting, for welding, mainly in the field of repairs, and maintenance, welding electrodes, welding wires, welding pastes, so-called wear plates, machines and equipment – a very wide product range. Another one is active in the cutting systems sector. The fourth activity involves the manufacturing of diagnostic devices for the medical technology sector. The focus of this interview is the biggest part of this firm (the one which operates in the gas sector). All their competitors are listed companies at the stock exchange. All firms belong to the family and a foundation, founded by the family, but which is independent and autonomous, a non-profit foundation, which holds about 27 per cent of the shares. The firm was founded in 1898. The first product was an acetylene generator, and chandeliers that were fuelled by this acetylene gas. From the early days the company sold products and solutions already worldwide. The grandfather of the actual owner had already been to the USA, to give advice on how to break down bridges, et cetera. Shortly after the turn of the century the company installed the first cryogenic system in Spain. Followed by all other European countries. Subsidiaries had grown with time naturally, because business grew bigger. During the doing of the grandfather, the company was more export-focused. When the father of the owner took over in the 1950s and not having the capital for the long run, the firm searched and started with an industrial partner. That industrial partner held shares of 2/3 of the family firm. In 2004 the family sold their business in Germany, the UK and the USA. With that money the owner could sort out most of the issues and buy out the financial investors (which had taken the shares of the industrial partner), pay off his siblings, and take over the remainder of the business. The company realises nowadays around 3.1 Billion Euro. Formerly there was a great deal of trust involved. Much more trust than existing today.

Experiences: During the doing of the grandfather, the firm was more export-focused. Formerly employees travelled to the countries, build up the systems and came back to Germany. People at fairs saw the name, saw the devices/products, and then enquired about them. Fairs had an

important part of success in the beginning of the firm. There is an example mentioned by the owner, that there was once a partner who could not sell the bill and the grandfather was offered shares in the company and when the company had enough liquidity again, they bought back the shares and paid the grandfather. During the relationship with the industrial partner, the firm pushed much more towards foreign territories. Due to the fact that the company had not found a buyer for their business in China and Vietnam in 2004, years later it showed that this was a lucky situation, due to the fact that this region has developed very positively and strongly over the past years. Already far before 1989 the firm was already active in the Eastern European countries and those countries developed very positively as well after 1990.There are many long-term relationships with partner companies. The owner is a reflective person. Talking openly that his father did not have confidence in himself. Neither did his father put him in a position when they had the cooperation the industrial partner which had 2/3 of the shares. In the opinion of the owner his father always co-operated with the industrial partner nicely and did not want to get into any trouble. A point mentioned by his father was always the age of the owner, that he would be too young. And when his father died, the actual owner was still not a member of the Management Board. The changes came later, and the owner had to enforce everything. The siblings of the owner sold their shares, because it was so risky for them. The owner stated that he learned a lot, in the sense that the process of succession needs to be prepared much more carefully, as opposed to taking things as they come. Strong hierarchies, like they existed for many years, are non-existent nowadays. Flat hierarchies and a modern approach of working in teams exists today.

Appropriate strategies: The firm has always entered the market relatively quickly, at a very early stage, and they have done pioneer work. A lot of the directors, especially in the international subsidiaries have been with the company for a long time. In the management team in those countries there are 1-2 German employees; the rest of the team are local employees. That is also a reason of success in the opinion of the owner. For the future the owners still expects a lot of potential in the Asian countries; Europe is rather mature. Everything the firm implemented over the past few years is running very smoothly. Even there had been also difficult times, the owner would not have done anything different, if he had a second chance of building the international business. Overall, the owner thinks, that they are managing things well. Flat hierarchies which exist nowadays are essential for success.

Critical success factors: Countries with a high population are important for the firm. Believe and trust help of building international business. Trust and gut feelings are relevant for decision making.

#important/red: "All the equipment is ours, we rent it to our customers – the tankers, the evaporators, and maybe even the equipment/the application technique equipment", "And, I learned a lot, in the sense that the process of succession needs to be prepared much more carefully", "Well, admittedly, my father did not have confidence in me either", "And, also, my father was not the entrepreneurial type, really", "However, they were the ones who did not have a clue about our company and how to run a family business", "we also have a business development, of course, not on a large scale, though. I also do that myself, to a large extent", "And, in Asia, which I have always been interested in, Vietnam was also my idea – to go there, to take the first steps", "doer qualities, trust, willingness to take risks ... these are fundamental things", "one can say that we have always entered the market relatively quickly, or at a very early stage, and we have done pioneer work"

Interview 2:

Summary: The firm (firm 10) was founded in 1978 and produces disinfection agents, primarily for the healthcare or medical markets, but at the same time the firm is Germany's largest private label provider of disinfection in other markets, adjacent to the healthcare market. In 2000, the owner in second generation added a second business sector – wet wipe production. In the consumption sector, baby wipes are very well-known, but that is not the biggest market in that regard. The company is the main driver of wet wipes in the medical sector. - Selling was the first international activity towards other countries.

Turnover is around 128 Euro million. The number of employees, due to a very personnel-intensive location in Poland where the firm produces the wet wipes, is in total round 1,700 employees. Subsidiaries are presently in India, Portugal, Spain, Turkey and Poland. Concerning revenue generation, German-speaking markets, are still very dominant. Sometimes payment is guaranteed, but usually not. The firm has a product liability insurance, which is sometimes compulsory when it comes to pharmaceutical products. Apart from that, the firm has had no

major losses, but due to the financial crisis – Greece is an example, Ukraine – the firm has a few countries where they still have receivables that sometimes have to be written off.

Experiences: The father of the owner had personal ambition. He founded a firm and showed his family and his environment that he was able to do so, but he also wanted to balance out his inability to work as a chemist for a group. He was the first to come up with the idea of a private label in the disinfection sector; formerly there were only manufacturer's brands, and private labels or OEM were not socially acceptable at all, least of all in the medical sector. He just went to a few dealers in Germany, who had incredible power, for example dentists who had one or two dealers where they purchased everything, and the dentists trusted him. So he said: this dentist trusts you, so you can provide your own disinfection brand – the dentists need a lot of these products, they are very important for dentists! And he realised that he was making a lot more money with that than by selling manufacturer's brands, and he gained more and more customer loyalty. That worked. The owner states that he was one of those involved in building up the foreign business. His father spoke English very well, which was not a given in that generation. He was a good relationship manager, but somehow, he didn't manage to build up the foreign business. In the first years the firm acted to opportunistic in the opinion of the owner; to many countries with perhaps not sufficient purchase power, but the firm rethought the system, and when they founded own subsidiaries, the firm conducted very precise market analyses and considered which strategic approach to take in this foreign market. In the beginning first approaches to other countries and players, was almost via 100% trade fairs. A lot of the business was driven by relationship management. They trusted one another; and it often worked. The owner thinks this system is good in the beginning, but, of course, it needs to be professionalised later.

Appropriate strategies: Strategically, business is mainly driven from Germany, in an international context. Since the owner has somewhat withdrawn from foreign business, because it takes a lot of effort, with travelling and everything, he can see that it also has a bit of a negative impact, because people want to talk to the owner. For this at least at a more professional level, it is still very advisable that the owner is present at important events or with important customers and shakes hands. In the foreign subsidiaries, the firm is a bit more flexible. The owner is willing to suffer losses and invest over several years, because the disinfection business cannot be built up over night. Concerning the way the company operates and thinks regarding internationalisation,

it is stated by the owner that even there has to be more focus. - Less is more. The aim of the company is to be among the top three players in at least 10-20 markets internationally. The owner states that he is "down-to-earth", meaning that he is interested in everything, but you need to develop and explain to the employees that you will distance yourselves more from day-to-day business a bit more than usual. This is not always easy for an owner. You have to find a good balance between being down-to-earth and being professional. Adaptations for specific countries are mandatory if you want to enter this market. You should consider if the market is large enough and you might also launch your top sellers. You have to weigh up all the factors.

Critical success factors: As the owner states the success was simply due to their perseverance – they accepted losses and still believed in themselves and continued to work, and that is what they did and still doing in foreign countries as well. Trust is essential. If there is no trust in the foreign partner and there is not the believe that this partner is going to manage the turnaround, it's going to become difficult at some stage. The owner thinks when overseeing the business himself, as the owner, relationship management is always important. The internal cultural perspective is very important as well; the owner sees it`s firm in a dynamic environment in which things can be developed and in which people feel that they are being heard. They are not just a little cog – but rather, he wants to employ them because they can take the firm forward. Because of the firm`s culture which is very family-oriented, and having a good mistake culture, a low personnel fluctuation rate and a high level of satisfaction among the staff members exist. The firm has reached a size that automatically results in a certain attractiveness for employees. Regarding of higher management positions, the firm is very attractive, because over the past few years, there has been a significant improvement in the image of family companies. German products are usually assessed as technologically and technically good products, honest, respectable, credible, trustworthy – those are attributes you can use to your advantage. A "Made in Germany" is still something that is perceived very strongly. Challenges for the future are the topic of resources. There are good products for many markets; but there is the need to prioritise and focus. This includes also financial resources; you cannot invest everywhere.

#important/red: "We are the main drivers of wet wipes in the medical sector", "I think my father was a typical pioneer", "We have a management style that is quite adventurous, but the risk is manageable", "We need to prioritise and focus, and the problem is the lack of resources", "I think that's always important, and when you oversee the business yourself, as the owner, relationship

management is always important, of course", "I try to individualise where the potential necessitates it. We must find a good balance and not individualise in small markets, but rather in large markets", "German products are usually assessed as technologically and technically good products, honest, respectable, credible, trustworthy – those are attributes you can use to your advantage", "However, in general, I would say that I am absolutely down-to-earth"