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**THE WAY THAT A MINDSET OF AN INTERNATIONAL SERVICE FIRM IS
EVOLVING OVER TIME AND ITS RELATIONSHIP WITH THE ACTIONS TAKEN
WHEN INTERNATIONALIZING**



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ABSTRACT

Title: The way that a mindset of an international service firm is evolving over time, and the relationship between actions taken when internationalizing.

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Keywords: Cultural Orientation, Emotional Dimension, Customer Orientation, Competitive Aggressiveness Autonomy, Risk-taking, Innovativeness, Proactiveness, Entrepreneurial Orientation, International Entrepreneurship, International Entrepreneurial Orientation, New Market Entry, Internationalization, Management Behaviour, Organizational Behaviour, International Service Firm, Mindset.

Thesis purpose: To study how the mindset of an international service firm evolves over time and to research the relationship between actions and orientations during internationalization. The purpose is to show how a service firm's awareness of each dimension is affected in this interactive continuous process over time. Furthermore, the researchers will give valid implications for future researchers on how similar service firms in related industries can encounter practical implications due to generalizations.

Methodology: The researchers follow a qualitative research method that takes an epistemological position, based on the assumption that the case company is a social construct reflecting the individuals within it. This type of research is appropriate in the early, exploratory stage of theory building. It also allows for gathering of facts and experience in both formal and informal way, as this position will take into account that the truth is not absolute among these individuals. This qualitative approach will take into account subjective opinions, experiences, views, and expressions, in a very interactive process between the researchers and the case company, with a goal to explain how an international mindset within the case company evolves, as it is orientating itself in an international marketplace.

Theoretical perspectives: The main theoretical perspectives are based on literature of Entrepreneurship, Internationalization, Entrepreneurial Orientation, International Entrepreneurship, International Entrepreneurial Orientation and International Service Firms. This study investigates different orientations identified as important for international service firms and how they affect new market entries. The case company used in this research is seen as a good fit because of its rapid expansion internationally, young age, and clear differences in new entered markets that can be used as sub-cases in this case study.

Conclusions: This paper is contributing with a new Atomic Entrepreneurial Model that is an extension of the International Entrepreneurial Orientation including three new orientations, namely: Cultural Orientation, Customer Orientation, and Emotional Dimension. It will show how the mindset of an international service firm evolves in an interactive ongoing process, in new and current markets, to extend its awareness of the eight presented orientations, and how these lead to efficient and effective new market entries.

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CHAPTER 1. INTRODUCTION

1.1 BACKGROUND

Internationalization has long been explored in order to understand a firm's expansion across borders (Brewer 2001). Scholars introduced Internationalization theories to understand how firms pursue growth in international markets, and thus, identifying the factors and motivators behind the chosen expansion strategies. One definition connected to Internationalization is "...the process by which firms establish and conduct transactions with other countries, and increase their awareness, of the direct and indirect influence of international transactions on their future." (Beamish, 1990). Alongside the evolution of the theory, trends have been a significant effect on how firms expand internationally and how to build up their competitive front. Globalization, customer needs, impact of new communication and transportation technologies (Nummela et al., 2005), corporate downsizing, privatization of economies (Lee and Peterson, 2000), managing multi-cultural firms, and investing into cross-cultural skills and synergies (Törnroos, 2000), have urged firms to step away from the traditional internationalization approaches, towards applying more entrepreneurial approaches. Although, when firms expand across new markets, they face multiple challenges in those environments such as dealing with foreign cultures (Deutschmann, 2014), facing competitors in unfamiliar grounds, operating under new regulations etc., a fact which encompasses both external pressures and internal factors that might drive the firm e.g. manager's attitude, global mindset, risk assessment (Tuppura, Saarenkento, Puumalainen, Jantunen, and Kylaheiko, 2008).

Service firms, especially, have unique characteristics such as intangibility (cannot be stored/displayed), perishability (cannot be perished after consumption), heterogeneity in quality and standardization (making them difficult to control), and inseparability (production and consumption happens at the same time) (Zeithaml, Parasuraman, and Berry, 1985). As a result, when expanding into new markets as international service firms, those characteristics, in comparison to other offering types (Zeithaml *et al.* 1985), can limit their entry options (Erramilli *et al.*, 1993) because of external constraints placed upon these firms such as heavy government regulation, labor laws, etc. (Davis, 2004). A pressure is created, to keep up with the market, satisfy customers, sustain them, and gain new ones, while learning from each entry and requiring quick adaptations to new conditions (Kuratko et al., 2011). The way firms should approach a new market, has long been discussed, in contrast to empirical research on how they proceeded with their process (Brewer, 2001). But how did the learnings affect their market entries? Is there a relationship between them, and does knowledge from internationalization processes change the way companies perceive their next new market entries?

1.2 PROBLEM DISCUSSION

Entrepreneurship has been a factor for socio-economic growth and development for many years now (Zahra, 1999), but the concept itself has been approached by several views. Some scholars consider entrepreneurship as the creation of new enterprises, while others have correlated it with behaviours that lead to entrepreneurial activities (Lee S., and Peterson S., 2000). Consequently, literature has taken a path towards distinguishing these two subjects, in Entrepreneurship, as the actions of a new entry (Covin and Miller, 2013), and Entrepreneurial Orientation (EO), as how methods, practices, decision styles and other tools are used to act entrepreneurially (Kuratko, Morris and Covin, 2011). EO has been taking two different tracks; the *first track* is about how the qualities that the risk taking, innovative and proactive behaviours interact with each other (Kuratko et al., 2011; Covin and Slevin, 1989; Miller, 1983; Covin and Miller, 2013; Covin and Wales, 2011), while the *second track* is a multidimensional construct in

which “risk taking, innovativeness, proactiveness, competitive aggressiveness, and autonomy are treated as independent behavioral dimensions that define EO’s conceptual space” (Covin and Miller, 2013). Both EO tracks can also be found in the International Entrepreneurship (IE) concept, which concerns “the discovery, enactment, evaluation, and exploitation of opportunities, across national borders, to create future goods and services” (Oviatt and McDougall, 2005). However, we can still see a change of focus from EO elements towards combining them with ones inspired from internationalization theories. This has resulted in a more recent field of research -namely International Entrepreneurial Orientation (IEO), as an attempt to leverage the EO in the IE literature (Covin and Miller, 2013). In IEO, the dimensions found in EO are included and combined with the idea of exploiting opportunities across borders (Dimitratos and Jones, 2005; Oviatt and McDougall, 1994; Zucchella and Scabini, 2007). This union though, represents a quite simplistic view of the IEO concept, and does not cover adequately enough extra-firm aspects that affect a company’s cross-border internationalization process. What challenges do the firms face? How do they deal with those challenges? Do they use their reflections to improve? In the research conducted by Hansen et al., (2011), one item of the EO scale, scored poorly on the intended dimension (innovativeness) and inconsistently on the other two dimensions (risk-taking and proactiveness) to which the authors commented: *‘This indicates that the item does not adequately reflect any of the three dimensions. Might it reflect some other unrecognized dimension?’*.

In an extensive research on the topic of IEO done quite recently by Covin and Miller (2013), the two authors have reviewed a big amount of existing literature, both theoretical and empirical. They have distinguished the EO/IEO constructs and definitions; summarized the dominant themes in IEO, including EO/IEO and international performance, EO/IEO and culture, and measurement issues of EO/IEO. According to them there are scale validity and dimensionality issues in the quantitative studies from which the data were collected, according to the most commonly used M/C&S¹ scales. Gabrielson, Gabrielson, and Dimitratos (2014) performed a multiple case study research on International New Ventures (INVs) in their early stages and studied the International Entrepreneurial Culture (IEC) of the organizations and how it affects an INV’s behaviour through time. However, IEC represents the entrepreneurial organizational culture, and it includes international motivation, innovativeness, risk taking, market, learning and networking orientation. They exclude orientations inspired from the target market, e.g. customers and culture, and they suggest as future research implications to study firms in later stages of their growth. Jones, Coviello and Tang (2011) identified 27 studies on cross cultural research but how it affects the individual entrepreneur’s behaviour, and not the entrepreneurial company’s behaviour.

Meanwhile, what is the evolution of the IEO in firms during the process of internationalization? Is it related to actions taken during this process, and most of all, are the dimensions of IEO adequate enough to show this relationship? The research by Covin and Miller (2013), suggests that “there are unrecognized elements of EO/IEO that ought to be represented in future measures and conceptual models of the phenomena”. According to Zahra & George (2002), the existence of an orientation results in actions as an ongoing process that unfolds over time, which means that the Internationalization of a firm requires a deeper understanding, regarding how it influences and changes its orientation. These cases clearly show the problem; that the current view of the IEO concept lacks *themes* that represent more sufficiently the type of orientations a firm may have when going abroad, and also, how do these orientations develop over time and affect the actions produced.

This paper proposes an extension of the current IEO model, which includes Risk taking, Innovativeness, Competitive Aggressiveness, Autonomy and Proactiveness and suggests the addition of Orientations based on combining Internationalization and Entrepreneurship literature. It is based on a case study research of the internationalization processes of an entrepreneurial company, and by studying what actions have been taken and how these have evolved over time within the case company and affected the mindset of the company. For this a new model is proposed by adding Culture Orientation, Customer

¹ The Miller/Covin and Slevin (1989) EO scale

Orientation, and Emotional Dimension.

1.3 RESEARCH QUESTION

To resolve the problem discussed above, an appropriate research question is required. Primarily, several research questions were formed, mainly around knowledge gain and transfer among market entries, how learnings can affect performance, and business model adjustments for optimization of the future market entries. Such research topics demanded a broad literature context, including business model literature, internationalization theories, new market entry strategies, value creation processes, knowledge transfer and management in organizations and linking performance to market entry strategies. Because of the aforesaid broadness, the subject of knowledge transfer and management was aborted, since the answer to a relative research question would be coming up with techniques to absorb knowledge and not improvements on new market entry strategies and business model adaptations.

With the focus still being directed towards two subjects: Internationalization and business model adjustments, a decision was made to explore more the context of Internationalization of service firms specifically, as Internationalization in general has been an emerging one in terms of trends, theories, and subtopics that need further exploitation. Also, with the concepts of International Entrepreneurship and International Entrepreneurial Orientation rising the past decades as a research topic, the newer research questions had as a goal to address the issue of internationalizing in an entrepreneurial way and what factors affect such decisions. In order to avoid out-spreading in numerous different contexts again, going back to the readings, and the so far gathered information, was useful to identify patterns that began to unfold (Bryman and Bell, 2011). A connection among the concepts of Growth, Internationalization and Entrepreneurial Orientation was quite intriguing, but it seemed like there was a need to extend the current dimensions of the IEO concept by exploring the way a firm's International Entrepreneurial Orientation affects its actions of Internationalization, and vice versa; more specifically:

“How is the mindset of an international service firm evolving over time, and what is the relationship between actions taken when internationalizing?”

1.4 PURPOSE

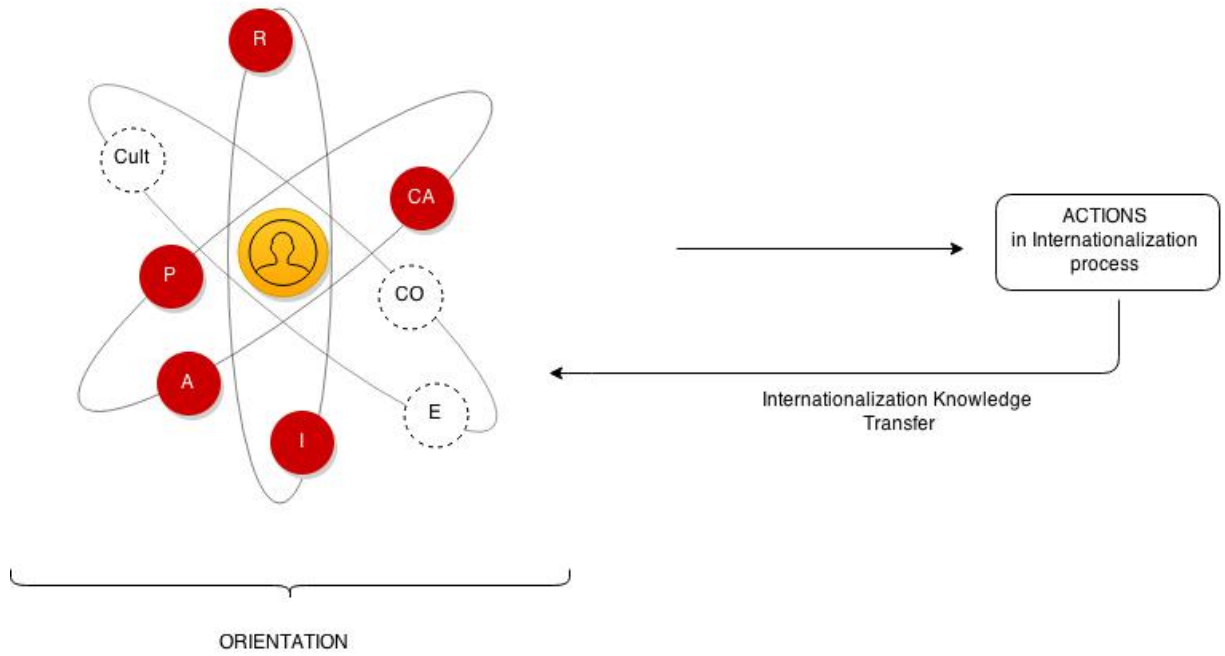
Based on a study made by Barkema, Pennings and Bell (1996), much of the research tends to be economic (e.g. Dunning, 1988); some researchers adopt a static framework while others focus on processes (Barkema, Bell and Pennings, 1996), by generally evaluating a firm's foreign expansions as static choices dictated by relative costs and benefits. Others focus on internationalization as a process, by studying how firms go far from the home market. Examples include representatives of the Scandinavian school (Johanson, Vahlne, Welch and Luostarinen, Vernon), from which the Uppsala school is quite inspiring. This paper will explore the dynamic relationship of orientations and internationalization actions over time, that has grown through learning from earlier expansions, since the entrepreneurial orientation that characterizes the mature growth of an international new venture, through the different phases of internationalization, is largely unknown (Covin and Miller, 2013).

Contribution will be made to International Entrepreneurship by adding information in this pool of existing literature, concerning the relationship between mindset and actions of Internationalization. Relationships between entrepreneurial orientation and entrepreneurial behaviour, have been studied by scholars (for example Moruku, 2013). However, the impact of International Entrepreneurial Orientation on internationalization actions has not received a broad concern. As noticed by Covin and Miller (2013), “being entrepreneurial” in an IE context implies some unacknowledgable or unemphasized entrepreneurial “dimensions”. Finding inspirations from the surrounding or related “stakeholders” will bring value to the entire concept of IEO. Also, according to (Gabrielsson *et al.*, 2014) what happens to

enterprises in a post-market entry phase, as international new ventures, is of value for both research and management. Prior research suggests that they evolve in different phases in the international marketplace, stressed the same authors. Future research should integrate perspectives of entrepreneurship and international business, according to Cavusgil and Knight (2015). Currently, a need to expand the base of the Internationalization Theories has been expressed by researchers (Knight & Cavusgil, 2015) and attempts have been made to combine Internationalization theories, such as the Uppsala model, with customer coordination need and systematic choice of markets (Deutschmann, 2014).

By using a case company, which has been internationalizing organically by taking actions that resemble new venture establishments, an empirical business research of an Entrepreneurially Oriented firm and its relationship between its new market entries and its change of mindset over time, is conducted. This case study is ideal to provide future researchers with insights, on how the act of “being entrepreneurial” is related to the process of Internationalization, how the current dimensions taken into account in IEO are not sufficient enough, and what type of new dimensions companies could keep in mind when internationalizing. An extension of the IEO model is proposed, which combines the above elements into a complex orientational model - the Atomic Entrepreneurial Orientation Model [AEO-Model] (see below). Different fields are used as inspiration points, such as International Market Orientation, the Network theory, the Uppsala Model and the EO concept. The model suggests that the IEO should be consisting of following orientations: Risk-taking, Innovativeness, Proactiveness, Competitive Aggressiveness, Autonomy, Culture Orientation, Customer Orientation and Emotional Dimension, and it affects and is affected by a firm’s Internationalization processes.

The Atomic Entrepreneurial Orientation Model



- | | | |
|---|--|---|
| <ul style="list-style-type: none"> R Risk Taking I Innovativeness P Proactiveness CA Competitive Aggressiveness A Autonomy |  <p>MINDSET</p> | <ul style="list-style-type: none"> E Emotional Dimension Cult Culture Orientation CO Customer Orientation |
|---|--|---|

1.5 CASE COMPANY: FITNESS24SEVEN

Fitness24Seven is a subsidiary of the TwentyFourSeven Group, which was established in 2002. It is a fitness facility chain that offers 24-hour availability, low prices and flexible contracts, in multiple, easily accessible locations. This case company is internationalizing through establishing new ventures in new countries. They began their expansion in Sweden, nation-wide, and then crossed borders onto Norway and Finland, which were considered as similar markets, and their latest addition is a new venture in Poland. The company has grown rapidly and entrepreneurially, since they have shown aspects of *risk-taking*, *proactiveness* and *competitive aggressiveness*- the three dimensions of International Entrepreneurial Orientation.

Having the perspective of cross-border activities in four different countries so far (Hessels, 2008), makes Fitness24Seven ideal to contribute, on the one hand in the empirical testing of the suggested IEO model, and, on the other hand, in literature, as a firm having and acting on Entrepreneurial Orientation (Cavusgil and Knight, 2015) during internationalization. In the thesis the firm's International Entrepreneurial Orientation will be explored, to the extent where each of the proposed dimensions fosters entrepreneurial internationalization. By delving into their Internationalization experiences over time, a study of how their mindset has affected their entrepreneurial actions will be presented, and also how these actions have changed the company's orientation in return. Future research should be able to operationalise the actual levels of these dimensions to further enhance our understanding of entrepreneurial firms (Dai et al., 2014). A case study research will be useful for exploring whether firms adjust their levels of entrepreneurial orientation in different contexts.

1.6 KEY CONCEPTS

Shortly, the key concepts included in this thesis are:

Internationalization

"...the process by which firms both increase their awareness of the direct and indirect influence of international transactions on their future, and establish and conduct transactions with other countries." (Beamish, 1990).

Entrepreneurial Orientation

"Entrepreneurial orientation (EO) refers to the top management's strategy in relation to innovativeness, proactiveness, and risk taking" (Cools and Van den Broeck, 2008).

Entrepreneurship

"...the process of creating value by bringing together a unique combination of resources to exploit an opportunity" (Stevenson & Jarillo-Mossi, 1986).

International Entrepreneurial Orientation

"IEO refers to the behavioural elements of a global orientation and captures top management's propensity for risk taking, innovativeness, and proactiveness." (Freeman and Cavusgil, 2007)

International Entrepreneurship

"It is the discovery, enactment, evaluation, and exploitation of opportunities—across national borders—to create future goods and services" and "... a combination of innovative, proactive and risk-seeking behaviour that crosses national borders and is intended to create value in organizations." (Oviatt & McDougall, 2000; 2005)

Culture Orientation

Culture is defined as shared values within a community, which have changed through time based on history and are influencing the way of life (Morrison A., 2000). Understanding national differences to create a cross-cultural communication, can be applied in general business to overcome cultural barriers (Trompenaars, 1994).

Customer Orientation

Customer orientation is “the sufficient understanding of one’s target buyers to be able to create superior value for them continuously” (Narver and Slater, 1990).

Emotional Dimension

According to (Johanson and Vahlne, 2009) the Emotional Dimension stands for trust (knowledge building), commitment and social capital. But also integrity, reliability, and the way you can predict another behaviour. This will result in the willingness to continue a commitment, which, in turn, will lead to sharing of information and jointly expectations; two critical factors when it comes to dealing with uncertainty.

International Service Firms²

Firms that offer a portfolio of different types of services in an international setting (Breunig et al., 2015). They usually have four main characteristics that differentiate them from other types of offerings: intangibility, perishability, heterogeneity, and inseparability (Zeithaml et al., 1985).

² types of service firms: agricultural, hotels & lodging, personal services, business services, automotive, amusements and recreation, healthcare, legal services, social services, etc. Simmering, M. (2015). *Service Industry - organization, levels, system, examples, definition, school, type, company, business*. [online] Referenceforbusiness.com. Available at: <http://www.referenceforbusiness.com/management/Se-Str/Service-Industry.html> [Accessed 20 May 2015].

CHAPTER 2. LITERATURE

In this chapter the literature review is presented; starting from the literature review process (2.1), the data sources, and information found are presented, along with the methodology of the search, the filtering, and the final concepts used. To gain a deeper understanding of what international entrepreneurship is about, and for the definition used in this thesis by Oviatt and McDougall (2000; 2005), it is important to clarify the two notions of which it is composed: “international” (see 2.2 Internationalization) and “entrepreneurship” (see 2.3 Entrepreneurship). Proceeding this clarification, both IE (2.4) and EO (2.5) will be clarified in more detail to enable an understanding for the concept of IEO and the need of an extended model by three new elements (2.6).

2.1 LITERATURE REVIEW PROCESS

To find information for the foregoing topics, an extensive search was carried out. Through searching online databases and reference lists, over 100 articles surfaced, valuable to this business research. The main sources of information used to find the relative literature are EBSCO database, Scimedirect and Google Scholar. The available literature was narrowed down, by using academic journals and keywords such as: business model, international business, international marketing, foreign market entry, entrepreneurship and innovation, entrepreneurial orientation.

Three major rounds took place in the course of article searching, depending on the focus taken at each round. The search primarily started from the business model and its adaptations (Zott 2011, Teece 2002), knowledge transfer and management (Hashai, 2009; Martin and Salomon, 2003), focusing on finding out the relationship between knowledge transfer in the value creation phase and the process of entering geographically new markets (Baker and Becker, 1997). Then, the path of this study was redirected to International Entrepreneurship, adding more literature was added to the former search results by using the keywords such as Internationalization, Entrepreneurship, International Entrepreneurship, Entrepreneurial Orientation, foreign market adaptation, and new ventures. Another series of filtering was needed, pivoting towards the International Entrepreneurial Orientation field. Inspired by articles’ implications for future research and references, their relation to this study was determined. The concepts were categorized to create an overview of the information gathered, and from then on, a comprehensive understanding of all concepts was achieved and a strong theoretical base of our research field was created.

2.2 INTERNATIONALIZATION

Initially, internationalization theories were developed to explain why nations trade. The first ones were “The theory of Absolute Advantage” by Smith (Schumacher, 2012) and “Comparative and cost advantage” theory (Ricardo, 1817), which evolved mainly around cost advantages. They were followed by Heckscher’s and Ohlin’s theorem in 1933, which tried to predict trading and production patterns, that led to a country’s comparative advantage (Minhas, 1962). Then Coase’s Transaction Cost theory (1937) focused on the way costs affect a firm’s market choice, and tried to predict when tasks were performed by firms, and when they were performed on markets. Starting from studying cost advantages, trading and production patterns, and onto the globalisation trend, which became a part of the contemporary world, with businesses wanting to expand their geographical reach (Törnroos, 2000), scholars turned to the reasons firms internationalize and defined the optimal ways to do so. Theories like Vernon’s “Product life-cycle theory” (1966) emerged, which related production to product internationalization; Dunning’s Eclectic Paradigm (1981) provided some guidelines on how firms should internationalize based on their

ownership, location, and internalization advantages. As the trends were changing and the borders were opening, new needs surfaced in the way of doing business, and respectively the business researchers focused their attention towards the ways of internationalizing. With the focus on the internationalization *processes* instead, theories like the Uppsala model by Johanson & Vahlne (1977) attempted to explain the gradual internationalization process of a firm; the Network Model (Johanson and Mattson, 1988), viewed the market as a system of relationships among customers, suppliers, competitors, friends and family. Its conceptors supported that a firm's strategic decisions depend on these relationships. Then, Vahlne's Stage theory (1990), evolved around the idea that firms consolidate their market positions in stages, their commitment level rises through time, and consequently their internationalization process is modified (Brewer, 2000). Porter's Diamond Model was an attempt to explore the four determinants of competitiveness and included more intangible factors that affect the interaction between a firm and a market, such as knowledge resources, market demands, human resources, input from related industries etc.

According to Törnroos (2000), there is a tendency to manage widespread customers and business actors globally. In the meantime, firms need to master both the process of internationalization, and their survival in the new markets. How can they fight external pressure and sustain competitive advantage? Diversification by reworking the business plans is one solution (Kufahl, 2012), while others turn towards intangible resources such as knowledge, were "combined with other firm resources they create the capabilities" (Massingham, 2014). Knowledge assets that are hard to imitate are also contributing to competitive advantage (Tuppura et al., 2008). Following these opinions, firms with an international vision from their point of inception reach their vision by applying knowledge-based resources when exporting outputs in multiple countries (Knight and Cavusgil, 2004).

Although there has been a lot of evolution in the Internationalization theories, based on firms' actions and global trends, the concept of Entrepreneurship has become a very important factor of internationalizing, in order to reinforce the competitive advantage.

2.3 ENTREPRENEURSHIP

Entrepreneurship, as a term being in use for over 200 years (Morris, 1998), is defined as "the process of creating value by bringing together a unique combination of resources to exploit an opportunity" (Stevenson & Jarillo-Mossi, 1986). It has been regarded as a significant factor for socio-economic growth and development, because it provides millions of job opportunities, offers a variety of consumer goods and services, and generally increases national prosperity and competitiveness (Zahra, 1999). Entrepreneurship means to create something new in terms of wealth, enterprise, innovation, change, jobs, value, growth (Morris, 1998), by either starting new organizations (Gartner, 1988) or performing new economic activities (Davidsson, Delmar and Wiklund, 2006). The construct of Entrepreneurship can be analyzed using three main approaches, namely individual, environmental, and firm (Lee and Peterson, 2000). Such approaches correspond partially to the classification of entrepreneurs, concluded Jones et al. (2011), i.e. individual entrepreneurs, corporate entrepreneurs and venture capital investors. Schumpeter has underlined the fact that the theory of entrepreneurship ought to be built on "the actual activity of the entrepreneur", who could both be a single person or an organization.

2.4 INTERNATIONAL ENTREPRENEURSHIP

As a distinctive concept, International Entrepreneurship (IE) emerged in the broader domain of entrepreneurship theory by the first research made by McDougall (1989). Researchers consider Internationalization to be entrepreneurial because of the higher levels of risk in foreign markets (Leiblein and Reuer, 2004; Lu and Beamish, 2001), the association with innovativeness, meaning innovative products and services or products adapted to foreign market preferences (Leiblein and Reuer, 2004; Zahra, Hayton, Marcel and O'Neill, 2001) and proactiveness, i.e. the strategy for achieving firm growth and for generating wealth by means of expansion into new, foreign markets (Lumpkin and Dess, 1996; Zahra, Kuratko and Jennings, 1999).

As a field of research it is split in two tracks, one is entrepreneurship in multiple countries, which refers to the cross-country comparisons of the nature and extent of entrepreneurial activity, while the other is cross-border entrepreneurship which refers to international activity of SMEs and new ventures (Hessels, 2008). Jones M., Coviello N., and Tang Y., conducted an extensive literature review of 323 articles (1989 to 2009) where they divided Entrepreneurial Internationalization into five themes, i.e. venture type, internationalization, networks and social capital, organizational issues and entrepreneurship. Among these domains, concepts involved in the field are mentioned, such as INV (international new ventures, Oviatt and McDougall, 1994), traditional approach (McDonald et al., 2003) and dynamic pattern, such as early entry in foreign markets (Sapienza et al., 2005), and social capital (Prashantham, 2008). According to Zahra (1993), the IE theory studies the nature and consequences of a firm's risk-taking behaviour as it ventures into international markets.

International Entrepreneurship “is the discovery, enactment, evaluation, and exploitation of opportunities—across national borders—to create future goods and services” (Oviatt & McDougall, 2005) and to see how the elements of Entrepreneurial Orientation - innovativeness, risk-taking, and proactiveness - are incorporated in a very much cited definition of IE proposed by McDougall and Oviatt (2000): “... a combination of innovative, proactive and risk-seeking behaviour that crosses national borders and is intended to create value in organizations.” IE research can be divided into two streams (see, for example, Dimitratos & Jones, 2005; Lu & Beamish, 2001; Williams & Lee, 2009). One, focusing on international new ventures (INVs) or “born globals”, and another focusing on the *internationally entrepreneurial activities of established companies*. As noted by Keupp and Gassmann (2009), the majority of empirical IE research has focused on small new ventures and redefine IE as ‘the cognitive and behavioural processes associated with the creation and exchange of value through the identification and exploitation of opportunities that cross national borders’ (Covin and Miller, 2013). A broader definition takes into account key concepts related to the IE domain, such as identification of opportunity, value exchange, human action, learning, creativity and innovation (Covin and Miller, 2013).

2.5 ENTREPRENEURIAL ORIENTATION

The construct and manifestation of Entrepreneurial Orientation is something that has been given considerable attention from researchers over the years, and can be traced back to the pioneering and foundational writing of Mintzberg (1973) and Khandwalla (1976/1977), who established EO as a managerial disposition rooted in decision making (Covin and Wales, 2011; Covin and Miller, 2013). A growing body of evidence suggests that an EO is critical for the survival and growth of companies as well as for the economic prosperity of nations (Morris, 1998). This would later be a widely adopted view among different scholarly literature such as Miller (1983), who took the concept of EO to a firm level; Covin and Slevin (1989), who suggested that “entrepreneurial firms are those in which top managers have entrepreneurial management styles, based on strategic decisions and operating management philosophy.” (Covin and Slevin, 1989). Also, Dess and Lumpkin (2001) viewed EO as an “organizational-level phenomena involving key decisions made on behalf of the entire organization” and “the processes, practices, and decision-making activities that lead to new entry” (1996), as characterized by at least one of

the following dimensions within a multidimensional construct: “a propensity to act autonomously, a willingness to innovate and take-risks, and a tendency to be aggressive toward competitors and proactive relative to marketplace opportunities”. According to Lumpkin and Dess (1996) an entrepreneurial firm takes risk, engages in product market innovation, and beats competitors by being the first to innovate proactively. Therefore, when a firm engages in new market entries, characteristics such as innovativeness, risk taking, autonomy, proactiveness and competitive aggressiveness emerge. However, the work of Miller (1983) is showing a three-dimensional structure of EO and qualities that risk-taking, innovativeness and proactiveness have in common (Covin and Slevin, 1989; Miller, 1983; Covin and Miller, 2013; Covin and Wales, 2011).

Organizations pursuing the three-dimensional view on EO will most likely fall somewhere over the conceptual continuum ranging from conservative (“low” end) to entrepreneurial (the “high” end), weighing their performance in each dimension (Covin and Wales, 2011; Kuratko *et al.*, 2011). As argued above, there are two dominant perspectives on EO, viewing it either as a composite construct represented by what the qualities of innovative, risk-taking, and proactive behaviours have in common, or as a multidimensional construct in which each dimension is treated independently. However, a clear definition of EO in general, regarding both tracks, has been difficult to generate and, therefore, each dimension will be analyzed further. Based on the models of Covin and Miller, and Lumpkin and Dess, five dimensions are considered as part of the EO.

Innovativeness:

Innovativeness concerns the extent to which the company is doing things that are novel, unique, or different. How is the company addressing the need in the market? The company can innovate in its product, services and processes; extensions, modification and enhancement in a better way to accomplish a task or function (i.e. lower cost, faster operations, rapid delivery, improved quality, and better customer service). This can be achieved through new distribution channels, selling methods etc., and also under both external pressure (e.g. social factors, financial market and so on) and internal pressure (cutting costs, developing new capabilities) (Kuratko *et al.*, 2011).

Risk-taking:

It represents the willingness to do something new that might fail. Risk is something moderate and calculated not extreme and uncontrollable. The risk a company takes, varies a lot with the type of innovation being considered (Kuratko *et al.*, 2011). Also from an entrepreneurial standpoint, there are two sides to the risk equation: (1) “sinking the boat” – how a company pursues a concept and it does not work out (bad-timing, poorly planned, inappropriate market, satisfied market, inadequate marketing and distribution approaches, inappropriate price-levels); (2) “missing the boat” – the risk of not pursuing a course of actions that would have been profitable (delay acting on a concept for too long and is preempted by competitors or changing markets) (Kuratko *et al.*, 2011).

Proactiveness:

Acting in advance to deal with an expected difficulty. Miller (1987) “associates proactiveness with assertiveness, which he in turn views as a dimension of strategy making. He sees entrepreneurial firms *acting on* rather than *reacting to* their environments”. It is measured in three scales: following vs. leading competitors in innovation; favoring the tried and true vs. emphasizing growth, innovation, and development; and trying to cooperate with competitors vs. trying to undo them. Proactiveness involves considerable perseverance, adaptability, and a willingness to assume responsibility for failure (Kuratko *et al.*, 2011).

Competitive Aggressiveness:

Competitive aggressiveness is the intensity of a firm's efforts to outperform its rivals within the industry, which, on the international level, EO applies to the firm's international operations (Kuivalainen O., Sundqvist S., Servais P., 2007). Miller firstly captured the notion of competitive aggressiveness from the definition of the entrepreneurial firm as one that 'beats competitors to the punch'. It concerns how intense a new entrant needs to be to compete with existing rivals. A new venture needs to gain legitimacy and power, when it comes to suppliers, customers and competitors. Because of high failure possibilities, a firm needs to compete intensely and aggressively to outperform rivals. It reflects a willingness to be unconventional rather than competing traditionally, to challenge industry leaders, analyze and target competitors' weaknesses, focusing on delivering high value with their products while being very cost effective (Lumpkin and Dess, 1996). According to Lumpkin and Dess, competitive aggressiveness needs to be included in the firm's Entrepreneurial Orientation (1996).

Practically, it is suggested by (Johanson and Vahlne, 2009) that imitation, acquisition and search for firm specific advantages is a way to be competitively aggressive. Also, according to a case study done on Zara, other competitive strategies that can be of inspiration to the case company include: vertical integration, flexible structure, low inventory rule, quick response policy, advanced IT, faster process from production to end consumer than competition (Lopez and Fan, 2009). The fitness industry experiences great diversification in models, and when something proves successful, imitation of that model happens easily. In a fast trend growth environment, reworking business plans and diversification might be the answer" (Kufahl P., 2012).

Autonomy:

Based on Lumpkin and Dess (1996) autonomy is defined as the 'ability and will to be self directed in the pursuit of opportunities'. On an individual level, autonomy is recognised as independently minded people who leave their comfort zone to pursue novel ideas or new ventures in new markets, instead of being bound by organizational superiors and processes. Within firms, autonomy is perceived as the freedom given to individuals or teams to use their creativity and push promising ideas. It is also defined as the independent action that individual or team takes to carry the idea from conception to completion. During the process of establishing a new venture, the autonomous person/team remains free to act independently, make key decisions, and proceed.

Autonomy in firms can be found in terms of size, management style, ownership, centralization or delegation. Based on Miller (1983), the most entrepreneurial companies had the most autonomous leaders. Practically, these autonomous sources scavenge for new resources, promote risk taking and go beyond the usual authoritative rules, for the sake of promoting and realising a new idea (Burgelman, 1983).

To distinguish from entrepreneurship, a firm's EO refers to the entrepreneurial process, namely *how* entrepreneurship is undertaken - the methods, practices, and decision-making styles used to act entrepreneurially. Specifically, those firms that act independently (autonomy), encourage experimentation (innovativeness), take risks, take initiative (proactiveness), and aggressively compete within their markets, have a strong EO, whereas those lacking some or all of these have a weaker EO (Lee and Peterson, 2000).

2.6 INTERNATIONAL ENTREPRENEURIAL ORIENTATION

IEO is, in essence, a subcategory of EO that shares the core elements of the broader EO construct yet includes an additional distinguishing element—namely, an “international” emphasis. (Covin and Miller, 2013). According to Freeman and Cavusgil (2007), “IEO refers to the behavioural elements of a global orientation and captures top management’s propensity for risk taking, innovativeness, and proactiveness.” By contrast, Sundqvist, Kylaheiko, and Kuivalainen (2012) define IEO as “a set of behaviours associated with the potential creation of value, which manifest themselves as proactive and innovative methods, risk-taking activity, autonomous actions, and an emphasis on outperforming rivals, all variously aimed at discovering, enacting, evaluating, and exploiting opportunities across national borders.”

This definition of IEO is consistent with the multi-dimensional conceptualization of EO (Covin and Miller, 2013). Broadly speaking, IEO consists of the beliefs, preferences, and behaviors that lead to and include acts of new market entry. As argued by Covin and Miller (2013), the motivations for going international is something that has been a part of a long-running discussion in the IE literature. However, the question should not be about the motivators themselves, but rather about trying to “characterize and capture the entrepreneurial process elements” (2013) that both leads to and includes new market entry. New entry, itself, as described by Lumpkin and Dess (1996), “can be accomplished by entering new or established markets with new or established goods and services”. What is discussed in this thesis about a new market, is a new geographical market (Baker and Becker, 1997), i.e. new countries. Among the literatures of IEO, there are two different levels primarily discussed, individual- level vs. firm level. However, Covin and Miller (2013) argued that even though the IEO construct can be applied to international entrepreneurs, “the exhibition of new international market entry, as it is necessary to claim the existence of an IEO, is an organizational outcome, not a personal characteristic”.

In a study made by Nummela *et al.* (2004) about the global mindset in Internationalization, the concept of International Entrepreneurial Orientation is discussed in two different dimensions: one behavioral and one attitudinal. Speaking of behavioural elements, basic dimensions of entrepreneurship will be involved, for example, risk taking, innovativeness, and proactiveness (Knight and Cavusgil, 2004). Regarding attitudinal characteristics of managers, diverse psychosocial and demographic components should be included in the measurement, for example, low psychic distance from foreign markets, education, language and experience of foreign countries, less risk-averse and resistant to change, and more extroverted and intuitive. Notably, much of this IEO research is simply EO research that employs an internationalization-related dependent variable. Rather, “international” is simply a context in which the EO phenomenon is explored.

The IEO research covers a wide range of specific topics. According to Slevin and Terjesen (2011), there are three major categories or themes: EO/IEO and international performance; EO/IEO and culture; and measurement issues involving EO/IEO. In the review of IEO researches done by Covin and Miller (2013), they summarize the studies of each category or theme. Regarding the EO/IEO and international performance, most of the researches are using samples from Chinese firms. Some show strong, positive relationships between EO/IEO and indicators of international performance and some revealed the opposite through various empirical studies (Covin and Miller, 2013). Concerning EO/IEO and culture, there are theoretical and empirical studies about relationship between EO/IEO and different levels of culture, i.e. organizational level and national level. At organizational level of analysis, topics such as relationship between a company’s EO and cultural sub-dimensions, for example, individualism-collectivism is explored (Covin and Miller, 2013). At national level of analysis, both the influence of national culture on individual entrepreneurial behavior and orientations are discussed (Covin and Miller, 2013). The theoretical model proposed by Lee and Peterson (2000) links Hofstede (1980) and Trompenaars’ (1994) cultural theories to firm and individual-level EOs. The two researchers consider “Culture’s EO” as a “societal-level phenomenon induced by a particular combination of recognized cultural values (Covin and Miller, 2013).

By making a detailed study of the scale validity and dimensionality of EO/IEO researches, Covin and Miller (2013) discovered that the most commonly used EO measurement, is the M/C&S scale, i.e. The Miller/Covin and Slevin (1989) EO scale. This measure is translated and reflected through different national cultures. Most of the conclusions of these studies find their basis on factors' analysis of the scales' construct data, as the cause of the problem of the constructs with nominal or theoretical meanings. Moreover, there are also overlapping or mixing concerns of the variables or values (Covin and Miller, 2013). Anyhow, they suggested that "perhaps 'being entrepreneurial' in an IE context implied the presence of entrepreneurial 'dimensions' not currently acknowledged or emphasized in the EO conversation" and they encourage future studies to focus on fundamental conceptual and measurement issues (Covin and Miller, 2013).

2.7 CULTURE ORIENTATION

Several scholars have explored culture in both social and business terms. Morrison (2000), defines culture as a set of values, attitudes and meanings that have evolved through history and are shared within a community, influencing the way of life. It changes and shifts through time, it is made by peoples' interaction with each other. Kuratko (2011) mentions the elements of culture in a corporation -but can also be applied in a general manner, which are: the values, rules of conduct, vocabulary, methodology, rituals and history. Schoenberger (1997) is taking culture as one of her main points in understanding why certain large firms lose their competitive positions while others gain it, while Hultman et al. (2009) suggest that history (national & industrial), educational level, language, values, beliefs, religion, attitudes towards status, social recognition, customs and traditions and aesthetics should be taken into account as factors that affect a new market entry.

Morrison also supports that entrepreneurship is an important element of culture. Hofstede (1980) and Trompenaars analyze culture by breaking it down to (1994) a sum of dimensions, to understand national differences as a framework for cross-cultural communication applied to general business and management. Hofstede uses five dimensions: power distance index, individualism versus collectivism, masculinity versus femininity, uncertainty avoidance, long term versus short-term orientation. Trompenaars on the other hand uses seven: universalism versus particularism, individualism versus communitarianism, neutral versus emotional, specific versus diffuse, achievement versus ascription, sequential versus synchronous, internal versus external direction. Therefore, when a firm enters a new market, it takes actions to overcome possible barriers. This evolves into a continuously learning process, that will unfold as the mindset is changing and becoming more globalized, since firms learn about these barriers through time from their earlier expansions (Barkema & Bell, 1996). Also supported by the Uppsala model, Johanson and Vahlne emphasize learnings, e.g. familiarization with other national cultures as the driving force behind the internationalization process of firms (Barkema & Bell, 1996). This has led us to believe that a firm's strong orientation towards Culture, can be used as a mean to reduce cultural barriers and develop strategies to internationalize more easily and successfully. Lee and Peterson (2000) consider that individuals' personalities and behaviours, firms, political and legal systems, economic conditions, and social mores are all intertwined with the culture of the country that all of the above originate from. Therefore, culture orientation is an indispensable orientation that a firm should consider at the time it sets its feet onto new grounds, creating a need to incorporate it as a dimension of the IEO extended model. Also supported by the Sullivan and Bauerschmidt (1990) findings, managers perceived no differences in cultural barriers at different stages of their internationalization and cultural barriers are relevant to the foreign entry process.

Practically, when conducting business, culture can play a very important role, which most of the time is not realized by firms. Bakerma and Bell (1996) mention some ways such as getting cheap labor, new technology, and tapping into foreign product markets, that will ultimately lead them to becoming a veritable multinational enterprise. They ask questions such as whether firms actually reduce barriers by learning through internationalization, and if it leads to internationalization patterns based on relevant

knowledge instead of using random strategies. Similar country environments are chosen to spread risk (Deutschmann, 2014). Törnroos (2000) mentions that business culture is part of a national culture and includes ways to negotiate, manage organisations, market products and services, what network connections are needed and how relationships are handled. There is not much theoretical or empirical literature on the results of foreign direct investments (Barkema and Bell, 1996), and the authors suggest for future studies the possibility of examining the effects of learning in advanced stages of internationalization.

2.8 CUSTOMER ORIENTATION

Customer orientation is regarded as “a strong source of sustainable competitive advantage because it is difficult to imitate, focuses the firm on finding opportunities for growth, and reduces the time lag for responding to those opportunities” (Martin and Salomon, 2009). Market orientation can effectively and efficiently create actions to bring about superior value for buyers and continuous superior performance for businesses (Narver and Slater, 1990). The three behavioural components of market orientation include customer orientation, competitor orientation and interfunctional coordination. According to Narver and Slater (1990), the first two orientations include all the activities involved in the acquisition of buyer and competitors’ information in the target market. Although market orientation in general has a positive relationship with performance, customer orientation leads to superior financial performance while competitor orientation does not relate positively to firm performance (Foreman et al., 2014). Therefore we take customer orientation as an important dimension that needs to be considered.

In the seminal definition by Narver and Slater (1990), customer orientation “is the sufficient understanding of one’s target buyers to be able to create superior value for them continuously”. It involves the understanding of a buyer’s value chain, including the cost and revenue dynamics, such as economic and political constraints. A firm needs to figure out who its potential customers are, what they want and what they perceive as relevant satisfiers of their wants (Narver and Slater 1990). When coming to the international market, customer orientation has a positive influence on the firm’s global orientation in new product development and offers the opportunities to better understand the needs of customers in different countries (Kahn 2001; Nambisan 2002). Hultman et al., (2009) have included customer characteristics as one of the microenvironmental factors, affecting a company’s market entry such as product evaluation criteria, customers’ price sensitivity, customer purchasing criteria and product usage patterns. According to Narver et al. (2004), it can be divided into two types: reactive and proactive customer orientation, which lead to the estimation and reaction to customer’s expressed or latent needs respectively. When it comes to the proactive type, customer orientation can easily find its echo in entrepreneurial orientation. Based on the framework of Narver and Slater (1990), customer orientation has six sub-dimensions: customer commitment, create customer value, understand customer needs, customer satisfaction objectives, measure customer satisfaction and after-sales services.

2.9 EMOTIONAL DIMENSION

Firms build relationships and alliances to construct cooperations and capture notions of opportunism (Madhok, 2005). Relational exchanges may exist among a firm and its suppliers, business units, employees, functional departments, customers, governments, competitors, and other external or internal partners (Morgan and Hunt, 1994).

According to Johanson and Vahlne (2009), the Emotional Dimension stands for trust, commitment, social capital, integrity, reliability, and predictability of another behaviour. Many business relationships are characterized by great uncertainty, because of a lack of commitment to the trading partner. Trust is defined by Morgan and Hunt (1994), as a prerequisite for commitment, represented by integrity and reliability, assuming that human behaviour is characterized by high ethical standards. In a

business network - a web of connected relationships, it is affected by communication and shared values, while it results in cooperation or functional conflicts and uncertainty (Morgan and Hunt, 1994). Especially when dealing with uncertainty, the trust existing in sharing information and jointly expectations is a very important factor that concludes in the continuity of a commitment (Johanson and Vahlne, 2009). Madhok (1995;2005), sees trust as the synergies among partners that complement their resources and capabilities, along with their potential to create more value together than separately. The social dimension represents the social aspects of partnerships, allowing the value creating potential of their collaboration to be realised (Svejenova, 2005). Trust is a costly and time-consuming process, which should be viewed as a long-term asset, and where commitment is developed late in the process (Madhok, 2005). The same author supports that there is a neglect of process issues in the management of relationships, and trust, in this case, has not been central to International business outside the cross-cultural literature. There is a need to further explore trust and its propensities in different institutional and cultural contexts, to gain insights on a more successful management of interfirm relationships (Madhok, 2005).

In general, relationships among individuals, communities, networks and societies are included in the concept of social capital (Liao and Welsch, 2002). Ever since 1959, Penrose highlighted how human decision-making and human motivation influenced the organizational growth process. The collection of physical and human resources is the 'firm' and the firm growth is highly bound by the quality and availability of managerial resources. Till today there are many studies linking the social network and social capital to the growth of entrepreneurs, but the field lacks empirical testing of these relationships (Liao and Welsch, 2002). It all comes down to the organizational behaviour; the analysis of people and social situation in a context of organizations, how this context is appearing in a cross-level manner and what type of elements influence the relationships existing among several variables in lower levels (Peterson and Thomas, 2007).

CHAPTER 3. METHODOLOGY

In this part the method followed during the research is presented, starting from the research design and the reasoning behind this type of research (3.1). The data collection part follows (3.2), where the data sources are presented and the ways the data was collected, then the selection of data sources is introduced, along with an analysis of the interview guide used. In the last part (3.3), the data analysis is presented, and the ways the information used were extracted.

3.1 RESEARCH DESIGN AND METHODOLOGY

The objective of this research is to develop an understanding of how the mindset of an international service firm is evolving through internationalizing, due to an ongoing process of entrepreneurially orientating themselves in different market contexts. The research is following a *qualitative method* that takes an *interpretivist epistemological position* assuming that an organization is a social construct built on social individuals. The truth among these individuals is not absolute and is decided by their judgment and by their own perspectives (Bryman and Bell, 2011), meaning that they will know the world from their own experiences. This research method strongly support the gathering of facts from experience and phenomena related to the organization, which can be examining the interpretations of participants in the case company (Bryman and Bell, 2011). The use of qualitative methods, tend to be more appropriate in the early more exploratory stage of research and theory building (Bryman and Bell, 2011). One of the most common qualitative methods is to conduct case studies and will be the most suitable research design for the intended purpose of this research: to do studies carried out in the real world setting at the case company (Yin, 1994; Bryman and Bell, 2011). The case study design is a detailed and intensive analysis of a single case (organization, location, person, or event) that provides a vehicle through which several qualitative methods can be combined, thereby avoiding too great reliance on one single approach. The way these methods are designed is heavily influenced by the epistemological tradition of *interpretivism*. By applying instrumental cases it is possible to focus on using the case as a means of understanding a broader issue or allowing generalizations to be challenged. Representative or typical case exemplifies an everyday situation within the case company that will be useful in our analysis (Bryman and Bell, 2011).

Furthermore, the level of IEO and its impact on internationalization and the evolution of an international mindset, allowing for *empirical observation* of actions undertaken within different orientations in the processes of expanding into new markets (sub-cases). This leads to an *inductive* approach when studying the relationship between theory and research, to “produce rich, holistic, and particularized explanations that are located in situational context through using multiple methods of data collection to uncover conflict meanings and interpretations” (Bryman and Bell, 2011) of these contexts.

Also, by undertaking an interpretative approach more flexibility is given to this research while the risk of being limited by international business research is minimized, according to Piekkari *et al.*, (2009). Apart from that, by researching earlier new market entries in the case company treated as sub-cases (in a chronological order) to enable cross-case analysis for patterns and overlaps (Eisenhardt, 1989). The attitude towards the underlying the extended IEO model and its elements will be studied, and how this has been changing over time. This strategy will also surface how different contexts have been affecting the orientations behind the IE processes behind new market entries and how differences in foreign markets has been influencing the evolution of the mindset through differences in actions undertaken.

To make it possible to explain the evolution over time the researchers have chosen to treat each new market entry (sub-case) as a reference points in time to more clearly understand the evolution of the company's mindset. This because the researchers will be able to present findings within each reference point that is of importance and the influence on each orientation. As mentioned above, the intention is to gain a holistic understanding of the context in our case study that can be situated to draw learnings from.

The limitations that will be considered are how well this can be generalized (Bryman and Bell, 2011) among similar international service firms and industries.

A holistic understanding of this evolution will be created in its natural setting through enabling the researcher to become a part of the selected company and the environment in which it operates in. It assists in gaining first hand experiences and contact with the individuals that the organization is built on. The limitations of such studies will be both the external validity, in which it will be difficult to use the result from one case in a generalised way onto other settings, and internal validity, as control over the findings will be limited due to other potential explanatory factors not been taken into account for (Bryman and Bell, 2011). Another limitation will also be the risk of delivering biased results because of subjective interpretations of the data obtained from by the researcher, but also from the subjectivity behind the data collected from other individuals (Bryman and Bell, 2011; Eisenhardt, 1989). Furthermore, this shows the importance during the process of the qualitative data analysis to be aware of these limitations to understand the dependence of the results given from the collected data. Taken into account the experience and knowledge of the researchers, in ways of identifying patterns, making generalizations and extracting themes out of gathered information (Yin, 1994; Bryman and Bell, 2011; Dubin, 1978).

The interest for the IEO and how it affects actions and orientations, was inspired by the understanding from early semi-structured interviews conducted at the case company. As well as the daily interaction with top management teams, which enabled a regular friction with the firm's daily activities and their Internationalization approaches. This led us to further investigation, regarding what actions had influenced the evolution within the different processes from the earlier new market entries up until now, and whether each process has been changing due to the prevailing orientation.

3.2 DATA COLLECTION

3.2.1 Data Sources and Collection

The data collection consisted of several unstructured and eleven semi-structured interviews that were all recorded and conducted in person, apart from the owner's second interview which was conducted by telephone. During each interview all interviewers were present -a total of three-, one was conducting the interview and the other two were keeping notes for follow up questions or for getting further information on a specific subject, while observing the body language at the same time. In order not to interrupt the interviewer and the interviewee's flow of thoughts, the questions were put forward after the interview guide had been completed.

All interviews but two were conducted in conference rooms, neutral and quiet environments. The Business Development Manager was interviewed in his office, not changing the atmosphere of the interview though. 10 out of 11 interviews were conducted in English, apart from the second interview with the Head of Marketing, which was conducted in Swedish. This decision was made based on the benefit gained from the more detailed answers to questions, than the situation enabled in English. The implications of the result generated because of the translations, according to Xian (2008) might not be a purely technical exercise, rather than an interpretative process. Interview translation "is based on the negotiation of cultural differences between the interviewer and the interviewee [...] (re)constructing the social reality of a culture in a different language [...], and also, the translator interacts with the data, actively interpreting social concepts and meanings" (Bryman and Bell, 2011).

The unstructured interviews consisted of several informal meetings with the CEO & COO, talks with the Sales Manager, Sales coordinator, IT Manager, and any other personnel that could answer impulsive questions and assist in creating a detailed perspective of the company's internationalization actions and orientations.

3.2.2 Interviewee Selection

The interviewees chosen and interviewed were all from top management positions, including the owner and Deputy CEO & COO. This was a conscious choice, since they were the best candidates that met the requirements of this thesis, which were: experience, having been part of a new market entry, having a broad overview of the company, decision making power and possibly be a source of insights on how the company started. A table of all the interviews conducted is shown below:

1st round: Business Model and Entrepreneurial Capabilities

DATE	PLACE	INTERVIEWEE	POSITION
Mon 26.1.15 09:00-09:45	Conference Room	Magnus Frennmark	CEO & COO
Mon 26.1.15 14:30-15:15	Conference Room	Christian Ask	Owner
Mon 26.1.15 15:20-16:00	Conference Room	Maria Wallbrand	Marketing Manager
Tue 27.1.15 09:00-09:45	Conference Room	Kevin Brandt	Sales Manager
Thu 29.1.15 10:30-11:30	Office	Daniel Waldemarsson	Business Development Manager
Wed 04.02.15	Conference Room	Venia Messini	New Markets Manager

2nd round

DATE	PLACE	INTERVIEWEE	POSITION
Wed 8.4.15 10:00-11:30	Conference Room	Magnus Frennmark	Deputy CEO & COO
Thur 9.4.15 15:30-16:00	Phone interview	Christian Ask	Owner & CEO
Wed 15.4.15 8:00-9:00	Conference Room	Mads Roser	Operation Manager Norway
Wed 15.4.15 13:00-14:00	Conference Room	Erik Magnusson	Regional Manager Skåne
Thur 16.4.15 13:00-13:30	Conference Room	Janne Rögård	Country Manager Finland
Mon 20.4.15 11:00-12:00	Conference Room	Maria Wallbrand	Marketing Manager

3.2.3 Interview Guide

The primary interviews were conducted with a goal of understanding the case company's business model attributes and its entrepreneurial capabilities; the interview guide was prepared accordingly. It covered the aspects that collectively put together a business model: value proposition, value creation, and value capture (Richardson, 2008), and the senses that define a firm's entrepreneurial capabilities based on Abdelgawaad et al. (2013) and Teece (2007).

The guide included 18 questions with follow-up ones, and was formed in the way that it provided the interviewers with the flexibility to interview people from different departments and positions, while getting information on the same topic (Bryman and Bell, 2011). During the formulation of the interview guide, a constant awareness was kept, to not create leading questions that might result in a biased outcome by guiding the answer. Instead, open-ended questions were included, in order to make sure that all the topics would be covered by the interviewee (Bryman and Bell, 2011), and also provide the interviewers with inspiration to follow up on possibly missed information.

For the purpose of the thesis, i.e. to research how the mindset of an international service firm will evolve through its way of orientating itself on both existing and new markets while also how this has been affecting the actions taken during the process of internationalization, the second round of interviews was started by creating a new interview guide. Since it was after the researchers have been staying in the company for over 3 months, a deeper understanding of the company was acquired. The second round interview guide consisted of four parts, which are the four countries that the company currently has established itself in. Following the suggestions by the supervisor, each country was regarded as a sub case for the study of the mindset change of the company during its internationalization. Sweden, the original country, could not be regarded as the subject of internationalization but it could offer the background or starting point of whole study and would enable the researchers to find out the evolution of the mindset. Therefore, the interview guide started from Sweden, asking questions from the first gym and then the expansion in Sweden. The questions for the other three countries were the same, designed on the basis of the concepts or theories in the literature studied. The first question in each single country was the general question asking the interviewees to narrate the expansion in that country. The purpose was to grasp a general picture in every new market entry, without leading interviewees to any specific single detailed aspect. The following questions were targeting to the eight dimensions, including sub-dimensions of IEO i.e. Innovativeness, Risk-taking, Proactiveness, Autonomy, Competitive Aggressiveness, Cultural Orientation, Emotional Orientation, and Customer Orientation. To name a few, the question "How do you look upon cultural differences between Sweden and Norway?" was based on the literatures that explores the impact of culture on internationalization (Lee and Peterson, 2000; Hultman et al., 2009) and the most dominant literatures of culture, i.e. Hofstede (1980) and Trompenaars' (1994). Customer orientation (Narver and Slater, 1990) was touched upon through the question of "What information did you collect before hand about customer need". By asking the interviewees to reflect back and think about what would have been changed if the entry would be done again, the learning from the past experience and the transfer of knowledge (Fletcher et al., 2013) will give a clue.

3.3 DATA ANALYSIS

The data collection consists of semi-structured interviews, with most of the department heads as interviewees. The interviews were recorded to increase the dependability of the data used in the research (Bryman and Bell, 2011). According to the advice by Bryman and Bell (2011), transcriptions of the recordings were made; coding, and categorizing of material was conducted to get multiple perspectives on the findings to make them as unbiased as possible. Then the coding process was followed by an analysis, applying the tools provided by Eisenhardt (1989) regarding the within-case analysis and cross-case analysis. During the within-case analysis, key words were picked out from the transcriptions first, generalization was made according to definitions/measurements that was set forth in the beginning and conclusions were arrived at, for each dimension.

After this stage, a cross-case analysis of the findings was performed among the conducted interviews, as it would enable an overall identification of similarities and differences, as various patterns derived from the responses (Eisenhardt, 1989). These two types of analyses, permitted a detailed mapping down of the case company's timeline, which was critical to recognize the connection among actions and orientations. Efforts were also made to find differences in how the interviewees were conducting the interviews, and how that might have affected the outcome of the interview (e.g. deviation from interview guide, ways of asking questions, etc.). The interviewees' different positions within the case company were also taken into consideration, since different positions required adjusted questions, without being driven away from the main interview guide.

3.4 VALIDITY AND RELIABILITY

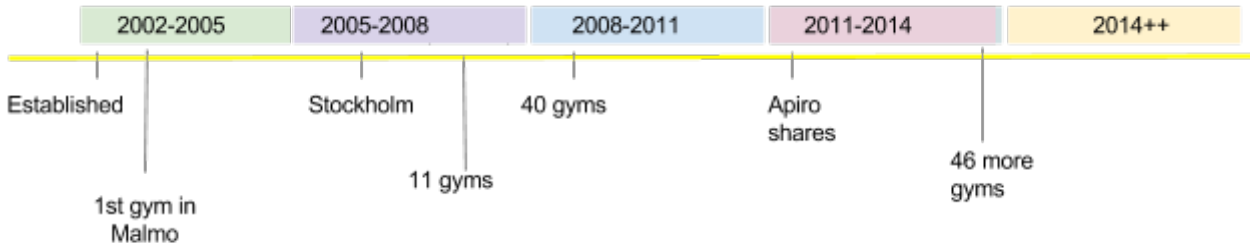
The data collected throughout the case study research were interdependent with actions that the company has already taken, decisions that have already been made, and results that have already been recorded. Hence, in terms of reliability and replicability of this type of information, and whether the results can be repeated, this case study is replicable and reliable (Bryman and Bell, 2011). On the other hand, the results on the International Entrepreneurial Orientations are not measurable, and only a qualitative perception of 'increase' and 'decrease' is used, based on the interpretation of the data. Thus, in terms of replicability of the orientations, future researchers might be subjected to different interpretations.

As far as validity is concerned, in case studies their external validity is usually questioned, which is about generalization (Bryman and Bell, 2011). Since this research is based on a single case company, the results cannot be generalised (see ch.6 'Limitations'). Nonetheless, its main theme is based on exploring the causality existing between actions taken and change of mindset, which, might raise a question for internal validity (Bryman and Bell, 2011). If only the cause and the effect are independently examined, then this case study can be acknowledged as an internally valid one. Yet, if the connection between them is taken into account, one might question, whether the case company was consciously causing an effect, or whether it was happening due to other reasons (e.g. performance).

CHAPTER 4. FINDINGS

The case company has been growing through time, starting from a domestic expansion in 2003, moving onto Norway in 2011, Finland in 2012, and Poland in 2015. In this section, the empirical data and actions taken during the new market entries are presented as sub-cases, but also showing clearly the time progression.

4.1 SWEDEN



As supported by Baron (2006), the entrepreneurial process initially begins with the ability to recognise opportunities by being alert, gathering information through experiences or actively searching for them. This is how the idea of establishing Fitness24Seven occurred, a fitness chain offering a 24-hour availability and low-priced flexible contracts. This was a possible gap for the Swedish market, which the owner researched by performing a competitive analysis, in terms of product offering evaluation and estimation of the number of competitors (Ask, owner and CEO, 2015). Regarding the establishment of the company and the opening of the first facility back in **2002**, minimal resources were to be used. The first facility was to be opened in Malmö, and it needed to be in a preferably central location and have a decent rent price. In terms of marketing the first establishment, the owner printed flyers, which he distributed himself, and concerning equipment and real estate, leasing agreements were signed. At that point, there were neither many actors nor a similar concept, and consequently a first mover's advantage was created. During the initial expansion in Sweden, big cities were considered and only locations where the first mover's advantage would ensure membership volumes and create a brand awareness (Ask, owner and CEO; Frennmark, Deputy CEO and COO; Waldermasson, Business Development Manager, 2015). During the initial phases of the company's establishment the structure was more flexible and the risks taken were impulsive and not calculated. Even though this happened due to quick actions and growth.

2009: Over time Fitness24Seven grew domestically, establishing up to 40 gyms (Brandt, Sales Manager, 2015) and using the strength of their brand awareness to facilitate negotiations and agreements.

2011-2012: The company started to target also smaller cities instead of big ones only, and, structure wise, a reorganization took place by delegating and investing more in human resources (Frennmark, Deputy CEO & COO; Ask, Owner and CEO; Wallbrand, Marketing Manager, 2015). Till then the expansion and performance of the company could not be tracked, due to lack of internal reporting [Frennmark, Deputy CEO & COO, 2015]. An important milestone was the purchase of 80% of their equipment supplier APIRO, which granted them a better control of their supply chain (Frennmark, Deputy CEO and COO; Ask, Owner and CEO, 2015).

2013-Currently: Employees are assigned with tasks and responsibilities, the regional managers have more independence and decision rights, with a requirement to not deviate from the business model, and it has become easier to build up in the company (Frennmark, Deputy CEO and COO). A concept and product group has been formed as a means to evaluate ideas for new systems and product offerings, but still the final say is on the hands of the Owner and the Deputy CEO & COO (Frennmark, Deputy CEO & COO; Wallbrand, Marketing Manager, 2015). Concerning customer and social media feedback,

customers are mostly taken into consideration when it comes to maintaining or changing equipment, and the company deals a lot with complaints and customer service, from a reactive point of view (Frennmark, Deputy CEO & COO, 2015). They are considered as sources of improvements and ideas (Brandt, Sales Manager; Wallbrand, Marketing Manager, 2015) but the feedback obtained in each facility is filtered by the Area Managers and all types of feedback are not measured in an effective way (Magnusson, Regional Manager, 2015). In terms of marketing, the company started investing more resources to promote the business throughout the Swedish market, by placing a lot of emphasis on social media and trying new things through testing campaigns (Frennmark, Deputy CEO & COO; Wallbrand, Marketing Manager, 2015). Other actions like marketing research and bigger campaigns are outsourced to consultancies, marketing agencies and research companies (Wallbrand, Marketing Manager, 2015). Externally, competitors are trying to copy hard values and follow the same business model, but they lack the brand awareness that Fitness24Seven has created (Frennmark, Deputy CEO & COO; Ask, Owner and CEO 2015). Even though the advantage the company has gained as a first mover has granted them a temporary precedence, it is realised among most of the employees that a competitive strategy is needed (Wallbrand, Marketing Manager, 2015).

4.2 NORWAY



2010: with hardly any research of the market (Wallbrand, Marketing Manager, 2015), the company made the decision to take Norway the first country to expand into. The initiative was based on the gut-feeling that the founder got from visiting the country, and also on the cultural similarities that the company perceived between the two markets in regard to consumption habits, language, and nearness/natural next step (Frennmark, Deputy CEO & COO, 2015). Based on their successful concept in Sweden they did not feel the need to do any market research, extensive competitive analysis, or a customer analysis prior to entering into Norway, and relied entirely on that a copy-paste of the Swedish concept would be enough without adjustments. The assumption from the Operations Manager of Norway (2015) was that “it’s maybe the Fitness24Seven style just to go there and start up there and see what’s going wrong and try to fix it after”. The main concern for the owner was the financial differences and that the cost involved in opening a gym in Norway was much higher in comparison to Sweden. The low cost-structure was not applicable in Norway, as it was in Sweden in regards of personnel cost (labor costs are 20% higher than in Sweden), IT-structure (they could not collect personal data from members), collective agreement (e.g., cleaning service lease payment), the rent levels (much higher), etc. In the beginning, they sent an area manager from the Stockholm region to Oslo to integrate the Swedish values/culture and to get everything up and running.

In January 2011, the first gym was opened in Oslo city centre, which “has a total of 150 gyms, for a population of 600.000” (Roser, Operations Manager Norway, 2015). In the end of the year 2011, they hired a local manager and opened the first gym in Drammen, which was the worst opening they have ever had. Customers are actually very different due to various reasons: they are not very sensitive to price because of their high incomes, they are more “naturalistic” (Ask, Owner and CEO, 2015) and have more choices with outdoor activities other than gyms, they tend to regard premium gyms as a representation of

status and they are not so keen about Swedish brands (Roser, Operations Manager Norway, 2015). This also led to the weak brand awareness along with little marketing. Moreover, the supplier of the machines is a Swedish company that caused many problems due to bad customer service and slow repairs. The design of each new gym was a copy-paste of the Swedish ones into every detail - even the Swedish slogans on the walls were not translated.

In 2012, they had the first minor renovation approval and changed the membership contracts from 12 months to a monthly basis (Roser, Operations Manager, 2015).

2013 was a critical year for the company due to the reorganization. Supply chain was created, new departments such as New Market and Quality Control were established. Managers were given more power. As mentioned by the Operations Manager of Norway (Roser, 2015), “Now at the beginning of the year, I am the one who makes the proposal for the budget and makes a few adjustments, within the limit I can make the decision as long as I do not exceed the budget.” Duties of the managers in different countries were switched to a more strategic role (Rögård, Country Manager, 2015). Before, adjustments could only be done on operational and daily issues. Also managers were distributed with the power to influence marketing. Since then, the company “started with consecutive marketing and (the management) thought marketing is particularly needed in Norway” (Wallbrand, Marketing Manager, 2015) to build up the brand awareness. Instead of opening gyms in city centers where they were not accepting the same terms in negotiations for rental spaces as competitors, they started to find locations in suburban areas around Oslo and they recently had the most successful opening in Norway (Roser, Operations Manager, 2015). Today, Fitness24Seven is having 7 gyms in Norway.

4.3 FINLAND



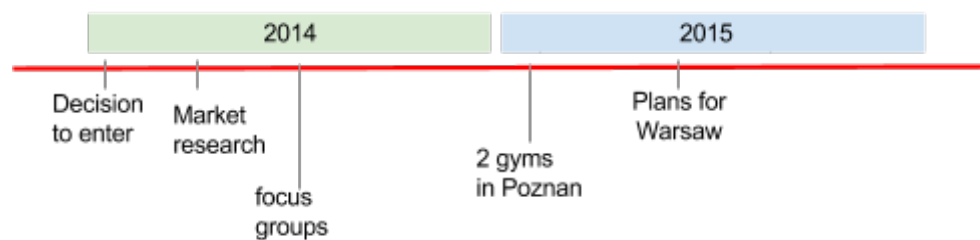
2011: After entering into Norway, Fitness24Seven decided to expand to Finland as a natural move (Rögård, Country Manager, 2015), by copying and pasting the Swedish model and trying to apply as much standardization in their processes as possible (Wallbrand, Marketing Manager, 2015). Little research was done before entering into Finland (Rögård, Country Manager, 2015). Competition, rent levels, staff cost and local distributors were checked, but, since the country is perceived as similar, neither market evaluation was done, nor trend and customer research (Wallbrand, Marketing Manager, 2015). For the development of the facilities, a Swedish construction company was hired, a fact which caused great problem due to lack of awareness on local regulations and permits (Rögård, Country Manager, 2015).

2012: The first gym opened, and one week before the opening the only marketing campaign that took place was the selling of discounted cards. A Swedish area manager from Stockholm was allocated to take charge of Helsinki. Then, a local was hired to replace the Swedish one, in the position of the “Country Manager” being assigned the decision making power of daily operations. The country manager was trained and supported by the New Markets manager for the first year, to integrate the Finnish culture and pass on the Fitness24Seven mentality as well (Rögård, Country Manager, 2015). Again due to little competition in Finland, the company built a first mover advantage and “took off a big start from the very beginning” (Roser, Operations Manager, 2015). With the standardization of their processes, the IT system

had to follow. For the Finnish market the automated system introduced was an innovative solution in allowing members to enter into the gyms and most valuably enabling the non-manned gym during hours that there is no staff at the reception. Such a system makes a critical contribution to the cost-control scheme that ensures Fitness24Seven has the capacity to make profit even with the lowest price in the market. Apart from that, the B2C products used in the Finnish gyms were supplied by the Swedish brand 'Nutriamino', which was unknown to the Finnish market. According to the country manager (Rögård, 2015), the usage of a popular local brand would be more successful.

2013 - 2015 The company started considering bigger gyms and smaller cities. Currently, the company owns 23 gyms in Finland, an Operations manager was hired this year, and the company is slowly decentralizing the Finnish subsidiary "to become its own entity in the future, having power over HR, financing, etc." (Rögård, Country Manager, 2015). Culture wise, the language was not a barrier, but the people are more "harsh and introverted than the Swedes" (Rögård, Country Manager, 2015). However, Swedish companies have shown a tendency to succeed because "Swedish products are prioritized as good ones" (Rögård, Country Manager, 2015).

4.4 POLAND



2014:

In contrast to earlier new market entries much more detailed calculations and planning was made before entering into Poland in January 2015. The market choice was based on the founder's gut feeling and some general micro-environmental conditions such as economic growth, market penetration and economic size. During 2014 an extensive market research was carried out by GFK, a market research agency, which, through sending out 800 e-mails, conducting phone interviews, holding focus groups, and researching competitors delivered heat-maps describing potential profitable market segment for targeted customers. Fitness24Seven benefited from this survey the marketing company conducted (GFK), by learning a lot of things about the Polish customers, and what is important for them. The concept was discussed in a way that the company should understand whether it needed to change anything about the product or if it was satisfying for the Polish customer (Messini, New Markets Manager, 2015). As a result, the product was more focused on group training, different payment methods, a bit tougher image of the brand, and adjusted membership contracts since "they do not want to sign up for 12 months and get stuck with it" (Messini, New Markets Manager, 2015).

The competition was also researched, prior to the entry, by Fitness24Seven itself. Competitors are inspiration points, since the different developments can be observed (Messini, New Markets Manager, 2015). Furthermore, an exit strategy was created "How much money it will cost us to enter into this country? How much can we spend? How long will it take us to be successful in this country? If it will take us three years, how much can we afford?" (Messini, New Markets Manager, 2015).

The marketing and brand building started 3 to 4 months before the opening of the first two gyms in Poznan to increase the brand awareness on a local level, using both digital and physical channels. Fitness24Seven used 'Maxus' to reach out to their targeted customers "they were suggesting that Facebook was very strong, girls like more group training while guys like bigger muscles" (Wallbrand, Head of Marketing, 2015). The negotiation strategies are different from earlier new markets due to the

economic situation in the country (Frennmark, Deputy CEO & COO; Messini, New Markets Manager, 2015). A new equipment supplier was used, because of earlier problematic collaboration and lack of permit to sell in Poland (Frennmark, Deputy CEO & COO; Roser, Operational Manager, 2015). The recruitment process of managers, usually starts 6 to 12 months before the opening of new gyms, but in the case of Poland it was much more time consuming than expected (approximately 3 more months) (Messini, New Markets Manager, 2015). Furthermore, the legislation and investment pages were researched, and also informal advisors were used.

2015: Still very early on in Poland, they have already decided to expand with two new gyms in Warsaw, where a key competitor entered into the Polish market at the same time (Frennmark, Deputy CEO & COO; Wallbrand, Head of Marketing, 2015). The company has adjusted to preferred payment methods in cash, monthly membership contracts without notice before cancellation, modification of the interior design of the facilities, and a replacement of the flat structured Swedish organization with stricter work ethics, as Polish people are used to (Frennmark, Deputy CEO & COO, 2015).

CHAPTER 5: ANALYSIS AND FINDINGS

In Chapter 5 the findings presented in chapter 4 will be used to describe how the company has been approaching and extending its insights on each orientation (5.1). This will be followed by an analysis, intended to show the mindset change as overlaps and synergies, among the orientations, using five time periods important for the company, as reference points (5.2). Then this will be confirmed with literature (5.3) and finalized with a discussion (5.4) to confirm the contribution.

5.1 ANALYSIS OF ORIENTATIONS

Innovativeness

When the concept of low priced, flexible contracts, with high quality equipment was first introduced to the Swedish market in 2003 it could not be considered as something novel to the fitness industry in terms of the global market. However, in the Swedish market, which was considered an emerging market at that point of time, this concept was both unique and novel. As the company expanded domestically, it started to create a complex underlying system that could enable its effective cost structure to push prices down and still maintain the other core values in the concept. This was achieved by establishing an innovative approach toward labor costs, IT-structure (e.g. payment systems, access systems, fingerprint usage etc.), negotiation of facilities, and co-creation, to create both operational excellence and financial benefits. This was also inspired by IKEA and airline industries that enable the same concept through different innovative ways (Frennmark, Deputy CEO & COO; Roser, Operational Manager; Messini, New Markets Manager, 2015).

In 2011 the company entered into Norway using the same concept as in Sweden, which could not be considered as something novel to the Norwegian market that was much more mature. The complexity of the underlying structure was used in Norway too and some parts like usage of fingerprints and access systems could be considered new to the fitness market.

The concept was considered as something novel in Finland and also the way Fitness24Seven was using the chain-effect to compete in the market leading to a rapid expansion in the country. It was also during 2013 that the company started to re-organize itself after new recruitment. This resulted in an experimental phase within Fitness24Seven that resulted in a new approach towards using past experience in current and new markets. The use of learnings from previous market entries to formulate strategies, was based on the other orientations, to make minor adjustments on the concept delivered by the subsidiaries in practice, became evident. Also, a reflection point back to previous market entries was reached, during the entry into Poland (2014), and afterwards, different departments got concrete proof, that these novel – for the company – approaches were working. The company was not only considered novel with its concept in Poland as an emerging market within the fitness industry, but also in its approach on how it delivered its concept in practice.

Proactiveness

In general, the establishment and growth of Fitness24Seven has been based a lot on the owner's gut feeling and experience (Frennmark, Deputy CEO & COO; Ask, Owner & CEO, 2015). The decisions made were impulsive, and performed with a trial and error mentality, which rather shows a reactive approach instead of a proactive one (Frennmark, Deputy CEO & COO, 2015). As the company grew in the Swedish market, a need for delegation appeared, and since then more organised decisions have been taken.

When entering into Norway, they showed a low proactive thinking in terms of strategic decisions, but rather reactive too. Their urge to grow a competitive position with the chain effect led the company to take again impulsive and uncalculated decisions. While being busy establishing in Norway, the same type

of entry was followed in Finland, with a high emphasis on growth but low on strategic decisions. These resolutions had two different results in their performance -a great one in Finland and a low one in Norway-, which reflected back to the company and changed their way of thinking. By “applying lessons from the past” (Ask, Owner and CEO, 2015), the company internally was reorganized and the expansion in Sweden, Norway and Finland was based on calculated decisions, following improved market and customer researches. Subsequent to the increase in proactiveness, the entry in Poland can be considered as a company acting on the environment and its opportunities rather than being reactive. In marketing, HR, customer research, supply chain and operations the company exhibited a much higher degree of proactiveness, which, again, has reflected back to how the business is conducted in the other markets too.

Risk taking

Initially, as a start up, Fitness24Seven was taking many financial and strategic risks, that were not calculated, but rather impulsive at the time (Frennmark, Deputy CEO & COO, 2015). Even though the company grew rapidly in Sweden, and its structure changed from a flexible standpoint to a more delegated one, the actions taken were unplanned and the marketing inappropriate (Frennmark, Deputy CEO & COO, 2015), keeping the risk high. Currently, the firm has a well-established brand in the Swedish market (Wallbrand, Marketing Manager; Frennmark, Deputy CEO & COO; Brandt, Sales Manager, Waldemarsson, Business Development Manager Europe, 2015), there are not many risks being taken in this specific market per se, in contrast to Norway and Finland. In those markets the equally poorly planned market entries, the use of Swedish suppliers instead of local ones resulted in high degree of risk taking, which was amplified by the bad timing in Norway. In Finland however, using an agent instead of their owned supply company, was a learning transferred from Norway along with the tendency to integrate local partners more. After the company’s reorganization, the risk taking attitude has not shown any changes as a degree, but rather in terms of calculation. When entering into Poland, the potential risks were calculated and earlier preparations to avoid these risks. All actions taken before and during the entry process were much more planned in detail and could decrease the risk. In a word, it can be found from the risk-taking orientations perspective that the company took its way from non-calculated risks to calculated risks and from little awareness of risks to more consideration and preparations.

Culture Orientation

The concept of Fitness24Seven has not gone through any major cultural adaptations during its expansion domestically between different regions, even though values, norms, and traditions can be considered different within these regions. However, a deeper understanding of the Swedish culture will facilitate the pattern recognition and comparison with the foreign cultures that could have improved the new market entries. For example, the decision of entering into Norway was based on the cultural similarities between Sweden, perceived by the founder, mainly including language and consumption patterns. This was proven to be a mistake and the use of Swedish language on walls, Swedish success in marketing, use of Swedish manager for an extensive period of time, and assumption of consumption patterns in the beginning, actually decreased both the brand value and success in the new market. If a research had been carried out on culture, it can be assumed that they would most likely have found more similarities between Finland and Sweden based on historical conditions, while barriers would exist due to language (Rögård, Country Manager, 2015). In contrast to Norway, being a Swedish business increases your brand value in Finland and is often used in marketing (Head of Marketing, Wallbrand, Marketing Manager, 2015; Rögård, Country Manager, 2015).

In 2013 an experimental era started within Fitness24Seven, after reorganization within the company, due to new recruitment. They started to target both smaller cities in Sweden and the suburbs of the bigger cities where operations were already established. This led to an understanding of the cultural differences within and among cities, due to mobility of customers, consumption patterns, and the way they perceived the concept. In Norway, it resulted in a simultaneous planned movement, to the suburbs,

which showed great success and the importance of a cultural understanding. In Finland, the title “Country Manager” was created including more power early on in the establishment, and creating more local awareness of the differences between markets. This has resulted in minor changes on the concept (e.g. gym design, music, and awareness of differences in payment methods).

This experimental era was followed by a different approach, how to target the customer better due to a deeper understanding of culture. The Marketing Department was more included in the budget of 2014 (Roser, Operational Manager, Norway, 2015), adjustments to the approach of the target customers were made in all markets (e.g., using powerful digital channels, ambassadors to represent the brand, and so on). Most clear it became during the third new market entry into Poland when Fitness24Seven did extensive researches on the target segment to understand cultural differences from previous countries, to see differences in how they experienced and perceived the brand (e.g., commercials, group training, design of facilities, payment methods, contracts, work ethics, historical influences etc.). Adjustments of those were implemented from the beginning, to not cause problems, with IT-solutions not matching payment systems like in Finland, and to not miss out on sales opportunities, by not enabling the right sales channels like in Norway and Finland where online shopping is highly used. Fitness24Seven began much earlier to search for a manager, in the establishment process, that could represent the Swedish company locally and that had a deeper understanding for differences regarding organizational structure and management ethics (e.g. more sequential approach).

After the establishment in Poland and the changes that the company had undergone since 2013 the company now reached a reflection point in the evolvement of their mindset that was now taking culture more into account. Both the management board and the employees within the organization now could see concrete proof of success due to the changes and started to look back to previous new market entries. With a higher understanding for cultural differences in between existing market and potential new ones, before deciding on what actions to take.

Customer orientation

From not considering customers at all in the initial phase of the company’s establishment, over time, customer feedback has been gathered and used for improvement (Wallbrand, Marketing Manager, Messini, New Markets Manager, 2015, Brandt, Sales Manager, 2015). Also, in Norway and Finland, following the ‘copy-paste’ entry mode and considering the two markets as culturally similar ones, the target customers were not researched at all, demonstrating a quite low customer orientation. By obtaining customer feedback in both cases and by experiencing dysfunctionalities in their core concept in Norway (Frennmark, Deputy CEO & COO, 2015), the company adjusted parts of its value offer that did not go against their core values (e.g. data collection and payment systems). Even if those adjustments were made a posteriori, showcasing again a reactive approach, the company increased its customer orientation, in order to facilitate the experience of their service. When the choice of the Polish market was decided as a possible entry, Fitness24Seven proceeded with different actions to gain a deeper understanding of the target customer, and enter Poland in a more structured way that would not create any obstacles. These actions have been echoed back to the way the company as a whole is dealing with its customers. Customers are more involved in the ‘after-sales’ experience, showing a change towards problem solving, and the marketing team is using social media to relate more to them.

Competitive Aggressiveness

Fitness24Seven built up a strong brand awareness in Sweden at a point when the competition in the fitness segment was minimal. When entering into new markets, they were trying to copy paste the core concept and the supporting structures to compete with other players. The results they received from different markets vary, due to different competitive conditions. For example, it was not successful in Norway, but had a big start and quick expansion in Finland and Poland. Another critical reason for the different results is the time and experience. Even though the company cannot be ranked high in

competitive aggressiveness, the company is becoming more aggressive from the learnings in other countries, for example, the movement from bigger cities to smaller ones and more targeted areas is what was found natural and successful from Sweden the recent years. Fitness24Seven found its most competitive position, and began to execute it in all countries rapidly.

Emotional Dimension

Fitness24Seven, through time, used its brand awareness to build trust with partners and suppliers to aid with their growth. Through this business network, the company has indirect access to their partners' network, and can therefore extend their business relationships to other regions without increasing the costs. In Norway and Finland, the company 'exported' their Swedish business network, and did not invest in its Emotional Dimension. By learning the hard way, with issues in construction, agreements, negotiations, etc., the company has shown incremental increases through time, trying to control everything from Sweden and using the regional managers as advisory sources. In Poland though, because of the cultural differences and geographical distance, Fitness24Seven was forced to explore local partners and create relationships with them, due to being the most feasible solution (Frennmark, Deputy CEO & COO, 2015). This happened by using the network of trusted contacts (formal or informal).

However, their relationship building with their customers is quite weak, based on the Regional manager's opinion "we listen to customers but we do not do much about it" (Magnusson, Regional Manager, 2015). Regarding trust and committing to the customers, the case company did not invest much in building relationships with customers in the Swedish market, due to the automated systems, which prevent the investment in such relationships, and also due to unawareness of the importance of such relationships. Norway and Finland follow the Swedish norm and besides some minor adjustments made after establishing the facilities, to suit the customers best, Fitness24Seven has not built strong relationships. In Poland however, because of the cultural differences and the newness of the fitness industry to the market, they needed to create trustworthy relationships with their potential customers, and then educate them indirectly and make them adjust to their concept (Frennmark, Deputy CEO & COO, 2015).

Currently, within the company as a whole, building relationships, trust and commitment has become an important move. In the foreign markets their business network is becoming more localized, and in all markets customers are approached through extensive use of marketing, and means of customer service and retention (Ask, owner and CEO; Wallbrand, Marketing Manager; Rögård, Country Manager, 2015).

Autonomy

The power of the control was fairly centralized back to the early years since Fitness24Seven was founded. The owner was the one who had the overall control of almost everything (Ask, owner and CEO, 2015). The rapid growth has complicated the delegation of power within the organization, without damaging the concept. Most positions have been developed naturally as the company has been growing and more responsibility has been delegated to individuals that have been working hard to get it. In the beginning of the expansion to Norway the company did not want to lose control over the concept and the regional manager of Stockholm was also responsible for Oslo during the first establishments. They would, later on, find a new Operational Manager locally, who is still getting support once a week from the Swedish New Market Manager and former Operational Manager of Finland. The Operational Manager has over time gained more power within the limits of a budget, but without any decision rights regarding the concept delivered in practice. Any changes concerning the experience or how the concept is perceived must go through the Swedish headquarters.

During the reorganization, which was a turning point, establishment of new departments occurred such as: New Market Department, Supply Department, Service and Quality Department. New titles were also created, so that Fitness24Seven could give away more power to suitable people. Rögård was hired as

the first Country Manager and was stationed in Finland and the summer after the New Market Manager was stationed in Poland and Rögård got a new operational manager hired under him. Even if more power had been delegated to Finland on the concept in practice, most changes on the experience and how the concept is perceived by customers' needs to go through the management board. For these reasons a Concept group meeting once every 6 week has been established bringing the management team together to deal with potential changes on the concept in practice. Furthermore, a Product Group has been established where people from different levels can meet to debate on different proposals for the management group, concerning things that can be newly introduced or changed.

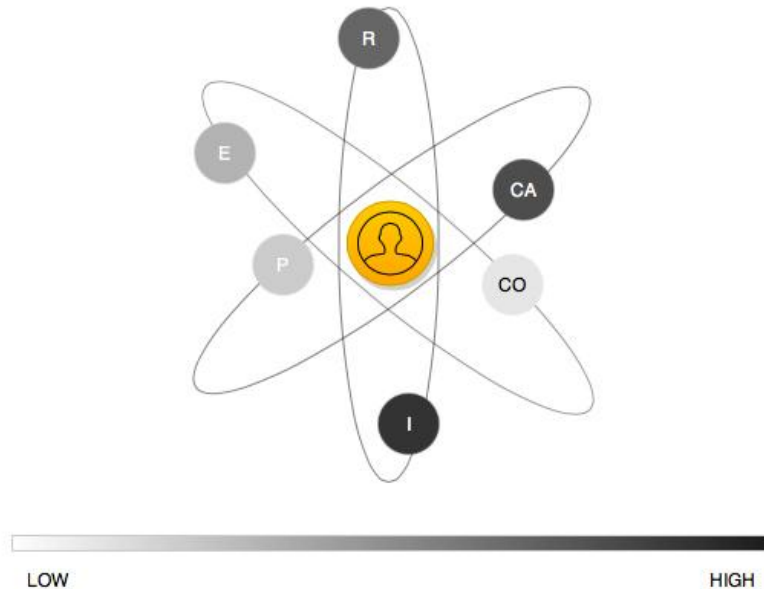
Today the structure within the organization is still based on titles with Heads of Departments on the top followed by Country Manager, Operational Manager, Regional Manager, Area Manager, and Facility Managers. In the future it will stay the same, but one major difference will be the next foreseen step of the organizational life cycle and that will be decentralization over time treating each country as a separate unit (Frennmark, Deputy CEO & COO, 2015).

5.2 MINDSET CHANGE AND OVERLAPPING AMONG ORIENTATIONS

Period 1: Sweden only

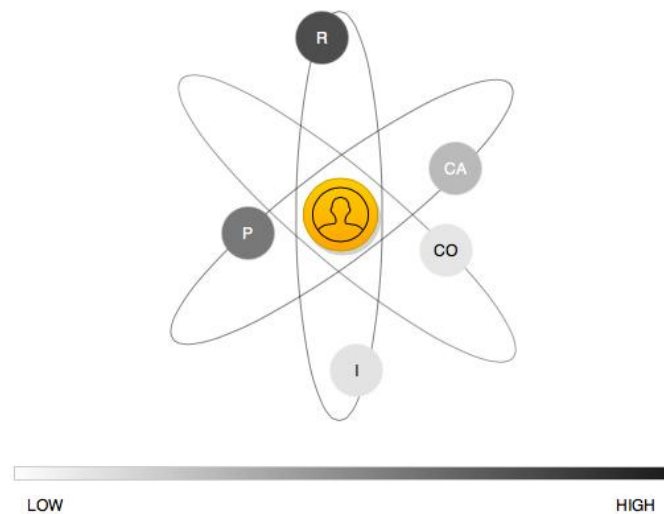
The first period includes the company's establishment and growth in the Swedish market. The mindset during this period consisted of an ongoing growth tendency which is accompanied by a high degree of Innovativeness, Risk taking, and Proactiveness (in terms of growth and not strategic actions) and a low degree on Customer Orientation based on a short market research that was done. An overlap between Innovativeness and Competitive Aggressiveness can be observed in this market, because the expansion of an Innovative concept with an Innovative supply chain and IT structure, was hard to copy. Following the company's growth a high degree in the Emotional Dimension can be viewed, concerning the business network that was built, but a low degree in terms of customer relationships. However, this specific dimension is bound to increase with the escalation of the Customer Orientation, since another overlap exists between them. By understanding customers more, relationships are built with them, an indirect hint on culture is gained by understanding its people, and proactiveness in terms of strategic decision making is affected.

In this case we can see an overlap among the other orientations: Customer, Proactiveness, Emotional Dimension; since a culture consists of individuals, some of which are the target customers-, with whom a company needs to build trust - emotional dimension -, which in turn prevents problems that will affect the performance (proactiveness).



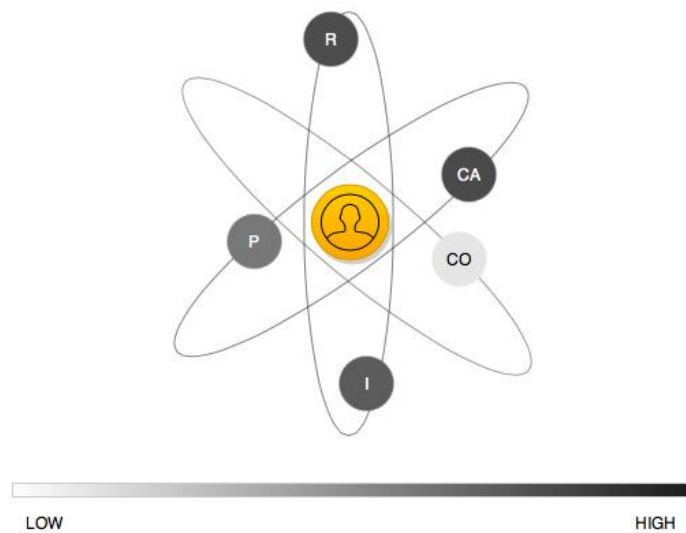
Period 2: Sweden and Norway included (after 2011)

In the second period, the company took the step to expand abroad while it still grew in the domestic market. By copy-pasting the core concept and supporting systems into the mature market in Norway, the company did not show any innovativeness. But they were risk-taking (uncalculated) by entering into a new market without doing market research or customer survey. The proactiveness was manifested with the intention to grow, even though there were no strategic plans. At this period, the two dimensions were overlapping, with one affecting the other and no other dimension was initiated.



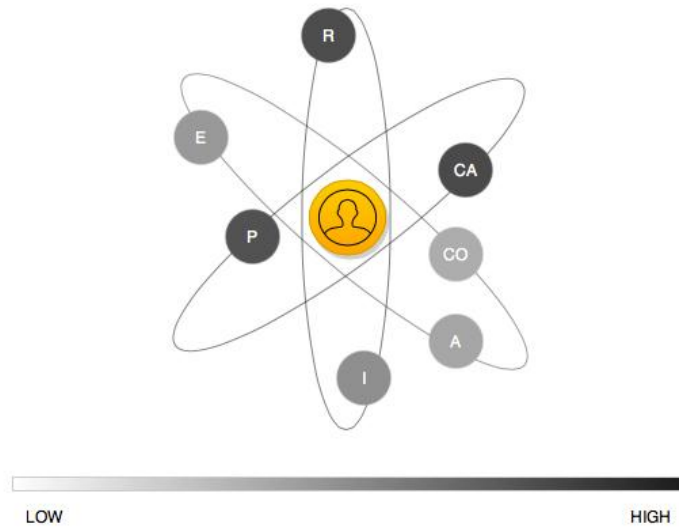
Period 3: Sweden, Norway, and Finland included (after 2012)

In the third period, the company took a further step to enter into Finland. The undeveloped market at that time made the company an innovative one. It gained its first mover advantage in Finnish market like in Sweden. It was leading the competition and built a strong image very quickly. After the brand was settled down in Helsinki, the company expanded proactively into other regions. At this period, the company is risk-taking, innovative, proactive and aggressively competitive. But innovativeness and proactiveness overlap with competitive aggressiveness from the market's perspective and proactiveness affects risk-taking because they go hand in hand when it comes to taking actions.



Period 4: Reorganization (after 2013)

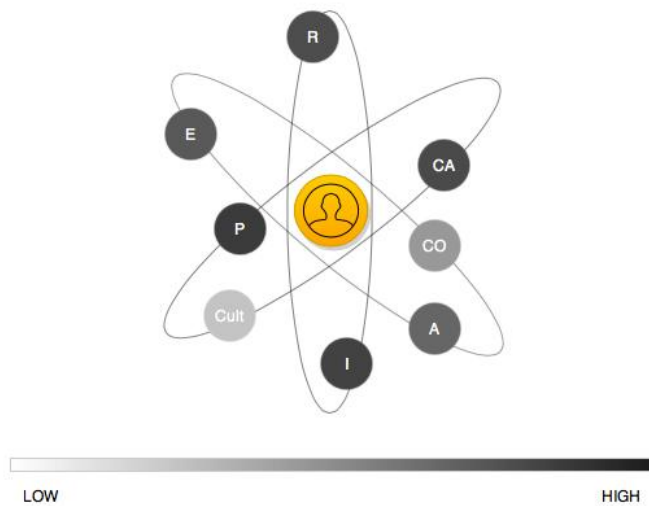
The increased Autonomy came as a result from the reorganization due to new recruitment within the firm that led to establishment of new departments such as: New Market Department; Service and Quality Department; and Supply Department. It was a turning point within the organization and the intention was to create new titles to delegate the power more effectively, to increase the responsiveness locally from each subsidiary (e.g., through decrease of monitoring and control), and to increase the trust and relationship building between the organization and its clients and business partners, as an increased awareness of the emotional dimension. A higher degree in Autonomy simultaneously increased the actions taken to deal with customer orientation, by understanding how the customers perceived and experienced the concept in practice, and what could be adjusted with the intended core concept and values. This understanding led to a small increase in cultural awareness, granting them the ability to create higher value and performance in each market. As the international mindset was evolving, more orientations and dimensions have been overlapping with each other. Understanding differences in price-sensitivity, consumption patterns, purchasing patterns, usage patterns, and different channels to reach the target segment in each market, could be used to get more loyal and satisfied customers.



Period 5: ALL markets and post reorganization period (after 2015)

Based on previous market entries the organization was still considered risk-taking in entering into its third country, Poland, but now in a more calculated way, taking into account other orientations, which changed its mindset in terms of pursuing international growth in a more strategic way. Furthermore, the proactive search for local managers, who understood the culture in the new market, would assist in avoiding a cultural clash between the parent company and the new subsidiary, due to differences in organizational structure and management ethics. This would also show an evolution, by including the emotional dimension, by using local employees and agencies early on, to build trust and relationships with new members and business partners.

Early on in the establishment process in Poland, the company showed an evolution of the international mindset by proactively taking actions to better orientate themselves among the customers and to identify a customer need and ways to satisfy it. This also included an understanding for cultural differences among its members and how they perceived and experienced the concept in practice (e.g., focus group, contracts without notice time, more group training, tougher attitudes in marketing etc.). Furthermore, growth has always been present in Fitness24Seven's attempt to be aggressive towards its competitors, but now also taking a more proactive approach towards creating a chain effect both through volume and increased marketing to establish brand awareness.



From the figures it is obvious that there has been a change in the mindset of the company, with more orientations appearing over time and including more market characteristics (customers and culture).

5.3 RELATION TO LITERATURE

According to Kuratko et al. (2011), when a company is doing something novel or unique in a market, either by offering something new or by modifying a process in a better way, it is considered **innovative**. Therefore, it is justified that Fitness24Seven did offer an innovative service in the Swedish, Finnish and Polish market, and innovated internally in terms of supply chain control. As far as **proactiveness** is concerned, Miller views entrepreneurial firms as ones that would have a strategy when it comes to decision making (1987), while based on Kuratko's et al. (2011) measurements of proactiveness, Fitness24Seven is not proactive when it comes to dealing with competition, but they do show proactiveness domestically and internationally by emphasizing growth of their concept. Overall, Fitness24Seven has shown a steady proactiveness in growth emphasis and an increasing one in relation to strategic decisions, leading to a total increase of this dimension. **Risk taking** is defined by Kuratko et al. (2011) as the willingness to try something new no matter the consequences, without talking about calculated or uncalculated risks. Based on this interpretation the case company scores high on risk taking, and since it is overlapping with proactiveness, it has been demonstrating an increase.

Based on Martin et. al (2009), having a strong **customer orientation** is an opportunity of sustaining a competitive advantage and enhancing the global and financial performance (Narver and Slater, 1990). However, 'prevention is better than cure', meaning that Fitness24Seven should be oriented in a way that would build an engaging and trustworthy relationship with the customers and prevent complaints and problems from happening, to be able to create even higher superior value and superior performance (Narver and Slater, 1990). It overlaps with competitive aggressiveness as well, since a deeper understanding can lead to a way to prevent imitation from competitors, maintain an ongoing seeking among employees to increase operational excellences, and to understand the target customer (price sensitivity, high quality, need of personal trainer, group training etc.) (Hultman, 2009; Martin et al, 2009). **Competitive aggressiveness** is about being able to outperform rivals, which is highly important in the fitness industry (Lumpkin & Dess, 1996), since business model imitation is very easy to occur (Kufahl P., 2012). This orientation goes hand in hand with the case company's innovativeness, proving that it is doing it successfully in Sweden, Finland and Poland. However, a strategy to sustain its competitive position would be important to have and eliminate future threats (Lumpkin and Dess, 1996).

The **Emotional Dimension**, stands for building relationships and trust with clients and partners. Alliances and cooperations lead to opportunities (Madhok, 2005) and resource and capabilities' complementarities, but uncertainty is also highly present when companies try to build relationships (Morgan & Hunt, 1994). The case company has been augmenting this dimension by increasing its Customer Orientation and by investing in Autonomy and local integration. Also, an entrepreneurial firm has the most **autonomous** leaders, Miller observed in 1983. Such leaders are looking for independence, risk taking, chasing after goals, and working without being bound by company's rules and authorities.

Lastly, concerning **culture orientation**, it is crucial to understand national differences to discover cross-cultural communication points, that will be applied to general business and management (Trompenaars, 1994). The reason is, that individuals' personalities and behaviors, companies, political and legal systems, economic conditions and social mores are intertwined with the national culture (Lee and Peterson, 2000). For export companies, differences in sociocultural environment between the home and export markets are positively related to the level of product adaptation (Hultman et al., 2009). The fact that managers tend to perceive as cultural barriers obvious differences such as languages and customs is a factor of loss of competitive advantage (Schoenberger E., 1998). In this case study it was noticed that there are indeed differences between Sweden and the foreign markets that Fitness24Seven entered, and by being prepared to deal with such differences, it was proved that the obstacles faced were less, and were strategically dealt with.

Below are the differences of the Swedish to the Norwegian, Finnish and Polish culture based on a choice among Hofstede's and Trompenaar's dimensions.

SWEDEN	NORWAY	FINLAND	POLAND
Power Distance index			
Individualism			
Achievement			
Specific			
Synchronous			
Outer Direction			

Green: Similar | **Red:** Different | **Yellow:** The Polish culture is split in both categories of the dimensions, meaning that half of the culture is similar to the Swedish and half of it is different.

5.4 DISCUSSION

In the literature reviewed, there were no qualitative studies on how companies, as they grow internationally, become more aware of differences among the markets they operate in. Through a qualitative case study, an overview has been created, of the way an international fitness company has been evolving over time, as an ongoing process, and what were the learnings and the new actions taken during its internationalization, in both current and new markets. The three major orientations to which most literature resources correspond, and seem most widely used, are the ones belonging to the EO, namely risk-taking, innovativeness, and proactiveness (Miller, 1983) and are regarded as behavioural elements of global orientation by top management within the IEO. That would later be extended with more orientations by Lumpkin and Dess (1996) and within the IEO, they are viewed as behavioural elements to create value. The three basic dimensions have not shown any major fluctuations as the company has expanded internationally. The top managers of Fitness24Seven have always regarded themselves as risk-taking, which can be confirmed from observations, and with only minor changes. The reorganization that occurred during 2013, can be considered a turning point within the organization. During the third new entry into Poland, the risk-taking could be considered much more calculated and not extreme as in previous expansions into new countries. Concerning the innovativeness, the company could be considered very much innovative in emerging fitness countries because the concept's underlying complexity of the structure, enabling it to deliver intended core values, was considered novel. However, in Norway, a much more mature market, a slight decrease in its innovative appearance can be observed, implying that the window in the fitness lifecycle is important for creation of the intended effect. Proactiveness is defined in terms of strategic decisions taken before acting and emphasizing growth (Miller, 1983 and Kuratko, 2011), and Fitness24Seven has, since it was founded in 2002, been seeking rapid growth. However, before the turning point in 2013 no actions were taken in a strategic manner to proactively enable rapid growth in new markets, but rather relying on a more reactive strategy, if the concept would appear unsuccessful. These basic orientations are in general reflecting a behavior among the top management team of being very confident in their successful concept and not feeling much need for improvement or changes in the beginning. However, after facing many obstacles both on how the

concept was experienced and perceived, but also in how it was implemented in practice, led the research into the two orientations in the IEO model, which are more associated with behaviours of potential value creation (Sundqvist *et al.*, 2012) namely, autonomy and competitive aggressiveness. The new recruitment that took place in 2012, as a pre-step to deal with complications that had been following a much rapid expansion (Frennmark, Deputy CEO & COO, 2015), aimed to increase the autonomy within the organization through creation of new titles and departments. It was a pre-step towards decentralization, as observed among many similar companies, which are following the same concept, both within the fitness and other industries. The competitive aggressiveness has mostly been attempted through being a first mover and creating a chain effect that during later periods has increased by increasing marketing.

As mentioned before, the IEO model was too simplistic and earlier researchers had arrived to the conclusion that some underlying dimensions were missing within the IEO concept, leading us to our extended Atomic Model including: Customer Orientation, Emotional Dimension, and Cultural Orientation. By studying each orientation it was realised that the company assumed the understanding of these orientations, such as: Similar consumption patterns in different markets; cultural similarities and differences based on language; that trust and relationship building should focus on the existing businesses and was not so much needed regarding new members, resulting in many challenges, that can be assumed to be avoided had these orientations been given more attention. This fact was proven after entering Poland with great success and also from undergone changes in existing markets. Leading to a reflection point within the organization, where both the top management and the employees on all levels started to reflect back on what they could have done differently. Perhaps the most important question is: What can they do differently now? This is not only showing upon an evolution of an international mindset by considering more orientations as the time goes by, but also adding knowledge within each orientation making the action more advance as they expand.

Furthermore, as this increased awareness of new orientations occurs and a deeper understanding of each orientation is revealed over time, from current and new markets, a new phenomenon can be observed within the mindset of the company. The company tends to create synergies among orientations (e.g. through cross-departmental cooperation, and customer service) as some actions are built on overlaps among them. This means that the company starts to generate more efficient and effective ways to expand into new market based on ongoing learnings, thereby confirming our research question that a relation can be found between actions and orientations as a international service firm attempts internationalization by expanding into new markets. Further contributing with that, this relationship seems to become more complex over time, improving the new market entries.

CHAPTER 6. CONCLUSIONS AND IMPLICATIONS

6.1 CONCLUSIONS

After exploring the literature around entrepreneurial companies that internationalize, in terms of orientations, a need to further analyze the current models surfaced. The inadequacy and simplicity of the models, not taking into perspective internationalization elements, led to the conduction of this case study research, to analyze whether the models are enough to represent companies bound by an IEO or whether there were more attributes to be appraised.

In this thesis it is examined how the mindset of a firm is changing over time, during a firm's internationalization processes, and how this mindset is related to specific actions taken. As points of inspiration in the data analysis, factors affecting internationalizing companies were used: Customers, culture, and relationship building with businesses and customers. As a result, the Atomic Entrepreneurial Orientation model is suggested which includes: Innovativeness, Proactiveness, Risk taking, Customer Orientation, Culture Orientation, Competitive Aggressiveness, Emotional Dimension, Autonomy. The results from the data analysis show that the mindset does, indeed, change due to internationalization actions. The evolution of the eight Orientations suggested is shown, which prove the initial hypothesis that when a service firm is internationalizing, the management team gains knowledge on the actions taken and the improvements that need to be made. The change seems to be ignited by the financial and brand performance, experience from the entries, the extra-firm environment (trend, market, industry) and the managerial commitment. Like mentioned by Nummela, the mindset is a dynamic concept that interacts continuously with the environment and is constantly revised as a result of learning and collected experience (Johanson and Vahlne, 2009). Therefore, the future actions are decided upon, with a different way of thinking, which is the change of mindset.

These conclusions show that an internationalizing entrepreneurial company should not be defined only by its degree of innovativeness, risk taking and proactiveness in international markets, but also by its orientational capacity when it comes to the factors mentioned above.

6.2 IMPLICATIONS FOR FUTURE RESEARCH

This research is not intended to explain how the internationalization processes were done or what actions or factors are considered by the company, because that subject has already been exploited quite much already (Brewer, 2001). Rather it is about observing the evolution of an international mindset by exploring and finding synergies among orientations. Future researchers could benefit from studying the knowledge transfer generated from the ongoing process of orientating the company in different markets. Also, the way these learnings are implemented by the company could be an incentive. This could help explain how the top management can actively work internally, to enable more effective and efficient new market entries by speeding up the evolution of an international mindset form within.

Furthermore, it could be interesting to study the relationship between the organizational lifecycle (Kuratko et al., 2011) and the evolution of an international mindset. This to understand how, for example, a much larger company can orientate itself in different ways to expand into new markets. Will the company at some stage reach a point, where the evolution of the mindset will be contradicting its initial intention of more effective and efficient international expansion into new markets? If so, what can be done to prevent this from happening?

Future contribution could also be made on the relationship between how much proactive planning shall forgo any actions taken by the company, and when it is more beneficial to take a more reactive approach after a new market entry.

6.3 PRACTICAL IMPLICATIONS

Internationalizing service firms face challenges particularly in their international entry and foreign operations. The international market entry of service firms tends to be restricted because they cannot export in a similar way as manufacturing companies (Erramilli *et al.* 2002). The fact that production and consumption processes are going along together could create an obstacle that could prevent a market penetration (Lovelock and Yip 1996).

The intention of this qualitative case study is to see if international service firms can expand into new markets more successfully through an evolved mindset. However, many factors such as mode of entry and the service as such delivered by the service company, can affect both what orientations include and how they shall be approached. The service firms that are not using e.g. foreign direct investments might not have to deal with autonomy in the same extent by hiring locals, creation of new titles, and concerns how the concept is delivered in practice. Instead, a higher degree of emotional awareness might be required, to give one example, as trust and relationship building will play a significant role delivering services from a distance through digital channels, demanding a higher degree of innovativeness in how they approach clients and business without direct physical contact. Also, demanding an understanding for how the brand building can be affected both positively and negatively by the company's approach towards norms, values and beliefs online (e.g. showing overlaps between cultural orientation, customer orientation, and emotional dimension). If these differences are acknowledged by the international service firm, then it might stumble on less obstacles in its evolution in an international mindset.

Furthermore, this case study is only providing sub-cases with small physical distance from the parent company and with some sort of free trade union with Sweden, which is not taking into account challenges a service firm might face expanding into countries not falling under these conditions. Of importance is also to take into account, that the organization used as a case study was built on a young and hardworking culture, with few documentations, seeking rapid growth. This enabled fast processes regarding decisions from the management board and other similar characteristics of a start-up business. If the company intending to apply the Atomic Model presented in this thesis is having a different organizational structure or culture this might have an effect on the model, not being taken into account for. Nevertheless, managers and researchers can use this case study as a means of building awareness on factors affecting an entrepreneurial firm's internationalization, or market entry strategies.

6.4 LIMITATIONS

Several limitations were met when this research was being conducted. Beginning with the fact that it is based on one case company including four market entries as sub-cases. This restricts generalisation, both from the country-specific point of view, and from the single case one. Secondly, it is directed to the service industry, and more specifically the fitness industry, which may show big differences if it is used in a different context. Thirdly, the case company's entry mode was foreign direct investments, while other firms operate differently (e.g. exporting, franchising, etc.). As mentioned above, different market entry strategies might need attention to different orientations. Lastly, Poland is a very recent new market entry for which there are no concrete results yet; though, only the actions taken before and during the entry itself were considered as valid data. Nonetheless, as this is the only new market entry that occurred after the reorganization it would be quite interesting for future researchers to see if an increase of orientations actually enabled more effective and efficient expansion both in Poland and into new international markets. Also, it would be interesting to compare a quantitative method of analysing the orientations with the currently assumed ones as increased. Concerning cultural dimensions, comparable country measurements could be found only on Hofstede's and Trompenaars dimensions, but as mentioned in the literature chapter, companies should consider history (national & industrial), educational level, language, values, beliefs, religion, attitudes towards status, social recognition, customs and traditions and aesthetics when considering a new market. Some of these characteristics are reflected on the dimensions

above (e.g. the power distance index is related to history) but there might be more valuable information if measurements could be obtained for those dimensions too. Finally, a continuity could be given to this research by adding more case studies from various industries, in order to enable generalisation.

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Appendix A: INTERVIEW GUIDE

[Give a short presentation of who we are and why we are conducting this interview.] This interview will be about how Fitness24Seven expanded into new markets, what you did before and in the beginning stage of the entry. Is it okay that we record?

First, could you tell us about yourself?

- a. What's your role at Fitness24Seven?
- b. What did you do before you started at Fitness24Seven?
- c. How came you started working at Fitness24Seven?
- d. Have you changed position within the company?

I. SWEDEN (To the owner and Swedish regional manager)

1. Could you tell us about the opening of the first gym in Sweden (To the owner)

- a. When?
- b. Where?
- c. Why there?
- d. **How?** (before/preparations)
- e. When did you start the marketing? (during the preparations or after it opened)

2. Could you tell us about the industry and the competitors at that time?

- a. How did you outperform your competitors?
- b. How did you create the buzz?

3. Could you tell us how much time it took to complete all processes and open up a gym?

4. What was the strategy behind the choices of the locations?

5. What changed in the expansion process?

6. How did the internal processes change in F24S with the establishment of the group and the purchasing and creation of the other subsidiaries?

II. EXPANSION IN NORWAY

1. Please tell us about the expansion into Norway.

- Why Norway?

2 How do you look upon cultural differences between Norway and Sweden?

- a. Any difference from Norway?
- b. How would you describe a typical Norwegian gym-member (customer)?
- c. What differences do you see from swedish members?
- d. What actions do you take to deal with this differences?
- e. How did the society look upon fitness before and after Fitness24seven? [identification of a need?]

3. What independence do you have in Norway regarding decision-making?

- a. How much power and control over decisions are given to each employee?
- b. How do you the decisions-making process in the future? [CEO? More independent?]

4. What information did you collect beforehand about customer need?

- a. How did you measure customer satisfaction in the market?
- b. How did you build trust with the customers back then and now?
- c. How do you manage after-sales service?

5. What was your competitive strategy back then?

- a. How did you deal with competition on the market?
- b. How has it changed until today?
- c. What threats do you see in the market? (both fitness and other industries)?

6. What partners do you have in Norway?

- a. On what condition did you choose partners? (construction, supply of equipment, and product to sale)?
- b. How do you build trust and relationship with those partners? (business objective versus relationship building)

7. What difficulties did you face on the market in Norway?

- a. Any ideas how you could have overcome these difficulties?
- b. Give example: Not using local construction companies? Marketing? Local staff?

8. Can you tell us about the process of opening a gym in Norway?

- a. What is important to think about going in to a different country like Norway?
- b. What advice would you give me or yourself if you should open a gym in e.g. Portugal? [Different language, market, customers, business climate, construction, regulations/permits, distribution channels?]

9. What would you have changed if you were entering into Norway with today's knowledge?

III. EXPANSION IN FINLAND

1. Please tell us about the expansion into Finland.

- Why Finland?

2. How do you look upon cultural differences between Finland and Sweden?

- a. Any difference from Norway?
- b. How would you describe a typical Finnish gym-member (customer)?
- c. What differences do you see from Swedish members?
- d. What actions do you take to deal with these differences?
- e. How did the society look upon fitness before and after fitness24seven? [identification of a need?]

3. What independence do you have in Finland regarding decision-making?

- a. How much power and control over decisions are given to each employee?
- b. How do you see the decision-making process in the future? [CEO? More independent?]

4. What information did you collect beforehand about customer need?

- a. How did you measure customer satisfaction in the market?
- b. How did you build trust with the customers back then and now?
- c. How do you manage after-sales service?

5. What was your competitive strategy back then?

- a. How did you deal with competition on the market?
- b. How has it changed until today?
- c. What threats do you see in the market? (both fitness and other industries)?

6. What partners do you have in Finland?

- a. On what condition did you choose partners? (construction, supply of equipment, and product to sale)?
- b. How do you build trust and relationship with those partners? (business objective versus relationship building)

7. What difficulties did you face on the market in Finland?

- a. Any ideas how you could have overcome these difficulties?
- b. Give example: Not using local construction companies? Marketing? Local staff?

8. Can you tell us about the process of opening a gym in Finland?

- a. What is important to think about going in to a different country like Finland?
- b. What advice would you give me or yourself if you should open a gym in e.g. Portugal? [Different language, market, customers, business climate, construction, regulations/permits, distribution channels?]

9. What would you have changed if you were entering into Finland with today's knowledge?

iv. EXPANSION IN POLAND

1. Please tell us about the expansion into Poland.

- Why Poland?

2. How do you look upon cultural differences between Poland and Nordic countries?

- Any difference from Norway and Finland?
- How would you describe a typical Finnish gym-member (customer)?
- What differences do you see from Swedish members?
- What actions do you take to deal with these differences?
- How did the society look upon fitness before and after fitness24seven? [identification of a need?]

3. What independence do you have in Poland regarding decision-making?

- How much power and control over decisions are given to each employee?
- How do you see the decision-making process in the future? [CEO? More independent?]

4. What information did you collect beforehand about customer need?

- How did you measure customer satisfaction in the market?
- How did you build trust with the customers back then and now?
- How do you manage after-sales service?

5. What was your competitive strategy back then?

- How did you deal with competition on the market?
- How has it changed until today?
- What threats do you see in the market? (both fitness and other industries)?

6. What partners do you have in Poland?

- On what condition did you choose partners? (construction, supply of equipment, and product to sale)?
- How do you build trust and relationship with those partners? (business objective versus relationship building)

7. What difficulties did you face on the market in Poland?

- Any ideas how you could have overcome these difficulties?
- Give example: Not using local construction companies? Marketing? Local staff?

8. Can you tell us about the process of opening a gym in Poland?

- What is important to think about going in to a different country like Poland?
- What advice would you give me or yourself if you should open a gym in e.g. Portugal? [Different language, market, customers, business climate, construction, regulations/permits, distribution channels?]

9. What would you have changed if you were entering into Poland with today's knowledge?