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Original Article

Customer relationships and interdependences in the internationalization process of the firm

Relacionamentos com Clientes e Interdependências no Processo de Internacionalização da Firma

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Abstract

In this article, we analyze the influence of customer relationships in driving interdependences between the firm's international trajectories. We built a qualitative, backward-looking embedded case study of the internationalization process of a born-global firm from an emerging country. Based on an extensive data collection, we found that customer relationships drove the firm abroad, as well as affected its subsequent moves, both taking place in overlapping networks that spanned more than one foreign market. That is, customer relationships through interdependences between the firm's international trajectories enabled it to simultaneously footprint and evolve in five different foreign markets in less than a decade. This points out to a new conceptualization of the internationalization process of the firm as comprising a multitude of interdependent international trajectories. © 2017 Departamento de Administração, Faculdade de Economia, Administração e Contabilidade da Universidade de São Paulo – FEA/USP. Published by Elsevier Editora Ltda. This is an open access article under the CC BY license (<http://creativecommons.org/licenses/by/4.0/>).

Keywords: Customer relationships; Interdependence; International trajectory; Internationalization process; Networks

Resumo

Neste artigo, foi analisada a influência dos relacionamentos com clientes em promover interdependências entre as trajetórias internacionais da firma. Construiu-se um estudo de caso incorporado de natureza qualitativa e perspectiva longitudinal de um processo de internacionalização de uma firma nascida global oriunda de uma economia emergente. Baseados em uma extensa coleta de dados, descobriu-se que os relacionamentos com os clientes impulsionaram a firma para operar em mercados estrangeiros, bem como influenciaram os movimentos subsequentes da firma nesses mercados, sendo que ambos os processos aconteceram em redes sobrepostas que abrangeram mais de um mercado estrangeiro. Isso significa que, por meio da interdependência entre as trajetórias internacionais da firma, os relacionamentos com os clientes permitiram a firma iniciar e evoluir em suas operações internacionais em cinco mercados estrangeiros diferentes em menos de uma década. Tal achado sugere uma nova concepção acerca do processo de internacionalização da firma como sendo composto por inúmeras trajetórias internacionais interdependentes.

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Palavras-chave: Relacionamento com clientes; Interdependência; Trajetória internacional; Processo de internacionalização; Redes

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Introduction

A number of scholars concede that networks matter in the internationalization process of the firm (Hohenthal, Johanson, & Johanson, 2014; Johanson & Vahlne, 2009), be the firm a born-global (Zander, McDougall-Covin, & Rose, 2015), a small or medium-sized firm (Hilmersson, 2013) or even a multinational corporation (Johanson & Kao, 2015; Vahlne & Johanson, 2013). For instance, Figueira-de-Lemos, Johanson and Vahlne (2011) suggest that networks lessen the risks associated with foreign expansion. Kontinen and Ojala (2011) and Chandra, Styles and Wilkinson (2012) put forward that networks are positively correlated with sensing and seizing international opportunities whereas Johanson and Mattsson (1988) advance the idea that domestic networks can be used as bridges to foreign networks.

Networks are usually heterogeneous (Ranganathan & Rosenkopf, 2014; Shipilov & Li, 2012). Here this means that the network benefits that accrue to the internationalizing firm are contingent on the types of relationships that form the network. As a result, it is likely that differences arise between interpersonal and interorganizational relationships in the internationalization process of the firm (Ellis, 2011). Likewise, relationships with customers are likely to provide benefits that are hardly sourced from relationships with suppliers (Andersen & Buvik, 2002; Blomstermo, Eriksson, Johanson, & Sharma, 2001). We then select interorganizational relationships between the firm and its customers for closer scrutiny (Oberg, 2014; Zhang, Zhong, & Makino, 2014).

Research on the internationalization of the firm has long highlighted that this type of relationship, henceforth customer relationships, can pull the firm into foreign markets through the client-followership mechanism (Kipping, 1998; Majkgård & Sharma, 1998). Customer relationships are also suggested to influence the choice of foreign markets (Axelsson & Johanson, 1992; Hilmersson & Janson, 2012). Moreover, they are usually viewed as the most important source of experiential knowledge in the internationalization process of the firm (Coviello, 2006; Sandberg, 2014), thus positively affecting the development of the firm in a particular foreign market (Figueira-de-Lemos et al., 2011; Johanson & Vahlne, 1977, 2009).

In this article, we suggest that customer relationships can act also as a driver of interdependences in the internationalization process of the firm. Precisely, we propose that customer relationships propel some of the international trajectories of the firm to become dependent on each other (Nachum & Song, 2011). The interdependence between the firm's international trajectories means that a given trajectory of the firm that unfolds in a particular foreign market influences and is influenced by another trajectory of the firm that evolves in a rather different foreign market (Clark & Mallory, 1997; Kutschker, Baurle, & Schmidt, 1997). As a result, the internationalization process of the firm as a whole will be the outcome of interdependent international trajectories driven by customer relationships (Maitland, Rose, & Nicholas, 2005).

Against this backdrop, the aim of this article is to analyze the influence of customer relationships in driving interdependences between the firm's international trajectories. This implies

explaining the internationalization process of the firm as a whole by referring to customer relationships as a generative mechanism of the interdependences between trajectories triggered by the internationalizing firm in a number of foreign markets. Our specific aims are as follows: (i) map the international trajectories of the firm; (ii) identify if and how these international trajectories become interdependent over time; (iii) identify and analyze a particular generative mechanism of such interdependences, that is, customer relationships. To the best of our knowledge, this particular effect of customer relationships on the internationalization process of the firm has been overlooked in the literature (Loane & Bell, 2009).

We carried out a qualitative, retrospective embedded case study of an IT born-global firm,¹ herein SEG (fictitious name), from an emerging economy. Based on an extensive data collection we found that customer relationships through interdependences between SEG's international trajectories enabled the firm to simultaneously establish a footprint and evolve in five different foreign markets in less than a decade. This points out to a new conceptualization of the internationalization process of the firm as comprising a multitude of interdependent international trajectories.

Thus we contribute to the literature by introducing a rather new picture of the internationalization process of the firm as a whole. Accordingly, this process is disaggregated into multiple international trajectories that become interdependent as the firm evolves in foreign markets. We contend that customer relationships drive this interdependence, thus supplementing the extant literature on how customer relationships affect the internationalization process of the firm.

In the next section we review the literature (section *Literature review*). We then explain our methodological choices (section *Methodology*) and present our results (section *Findings*). We finish by discussing our major results and their theoretical implications (section *Discussion and implications*), as well as the contributions and the limitations of our piece of research (section *Concluding remarks*).

Literature review

Forsgren, Holm and Johanson (2015) forcefully suggest that networks are of importance in the internationalization process of the firm. In this line of reasoning, the majority of empirical studies assume that both the entry and the subsequent moves of the firm in a given foreign market can be explained with reference to the networks in which the firm and connected actors are embedded (Johanson & Vahlne, 2009).

The concept of embeddedness used by such authors is to some degree inspired by the work of Granovetter (1985). On the one

¹ Coviello (2015) suggests that born-global firms can be distinguished in two types. The first, truly born-global firms, refers to firms that are purposively founded to exploit opportunities across a number of foreign markets whereas the second corresponds to firms that internationalize from inception unexpectedly. According to her, these differences may imply distinct speed and pathways of internationalization as well as coordination of activities across borders. SEG is the second type of born-global firm.

hand, actors are not viewed as isolated, rational agents operating in a faceless market (Johanson & Mattsson, 1988). On the other hand, actors are not determined by social structure, namely, their behavior is not solely conditioned by forces originating at the macro level. Rather, actors develop technical, commercial, political, social and affective relationships (Johanson & Vahlne, 2009). In doing so, the way they act shapes and is shaped by such relationships. Moreover, these relationships are part of larger networks formed by the actors' direct and indirect relationships (Vahlne & Johanson, 2003) or strong and weak ties (Granovetter, 1985).

Network theorists usually subscribe to the idea that networks are not a homogeneous entity (Shipilov & Li, 2012). According to Ranganathan and Rosenkopf (2014), networks are composed of a multiplicity of interorganizational relationships that affect their structure and dynamics. Therefore, it is theoretically plausible – and even advisable – to isolate specific types of relationships for closer examination (Shipilov & Li, 2012). We follow this recommendation and focus on customer relationships in the internationalization process of the firm. Specifically, we concentrate on industrial networks (Easton & Lundgren, 1992), namely, networks composed of relationships between customers and suppliers engaged in economic (e.g. products and currency) and noneconomic (e.g. referrals and legitimacy) resource exchanges. We pay particular attention to customer relationships, denoting “how a buyer engages in repeated exchanges with its supplier and how customers and suppliers potentially adapt to one another and invest in their shared relationships” (Oberg, 2014, p. 259).

Customer relationships have been in the spotlight since Johanson and Mattsson (1988) and Johanson and Vahlne (1990) proposed reframing the mechanism of knowledge development in a particular foreign market as operating in multilateral relationships. In fact, there are plenty of theoretical and empirical studies showing how customer relationships influence the internationalization process of the firm. For example, Kipping (1998) showed that US blue-chip consulting firms entered the European market by following US automakers. Coviello (2006) found that relationships between customers and International New Ventures (INVs) facilitated the internationalization of these firms. Dimitratos, Playkoyiannaki, Pitsoulaki, and Tüselmann (2010) showed that intercontinental firms were drawn to foreign markets through their relationships with a number of actors, including their customers. Coviello and Munro (1997) went further and suggested that customer relationships influenced not only the initial steps of the researched small software firms in foreign markets, but also their decisions about subsequent investments. Similar conclusion was reached by Holm and Eriksson (2000).

Nevertheless, the influence of customer relationships in driving interdependences in the internationalization process of the firm has yet scarcely been reported (for an exception, see Coviello & Munro, 1997). Here interdependence is conceptualized as mutual influences between at least two international trajectories of the firm (Kutschker et al., 1997). According to Clark and Mallory (1997) and Nachum and Song (2011), it refers to decisions about entry mode and modal shifts made

in a particular geographical context that have far-reaching consequences, *i.e.*, up to the point to interfere in similar decisions made in other geographical contexts.

We contend that this issue falls off the researchers' radar screen because the internationalization process of the firm has been traditionally conceptualized as an aggregation of independent international trajectories (Maitland et al., 2005; Welch & Paavilainen-Mäntymäki, 2014). Accordingly, the unfolding of a firm's international trajectory in a geographical context would have near-zero marginal effects on the other firm's international trajectories that evolve in distinct geographical contexts (Casson, 1994; Clark, Pugh, & Mallory, 1997). Based on this implicit assumption, scholars tend to tease out a host country in order to analyze how the firm enters and evolves in a given foreign market (Hadjikhani, Hadjikhani, & Thillenius, 2014; Johanson & Kao, 2015).

This approach can eventually be misleading, especially in cases where one international trajectory is likely to influence and be influenced by other connected international trajectories (Coviello & Munro, 1997; Welch & Paavilainen-Mäntymäki, 2014) such as the ones of firms pursuing accelerated internationalization (Mathews & Zander, 2007). Normally, these firms trigger simultaneous international trajectories (Wang & Suh, 2009) by mobilizing customer relationships embedded in different, yet overlapping networks (Coviello & Munro, 1997). Among the more notorious examples are technology-based firms such as INVs (Oviatt & McDougall, 1997) and born-global firms (Coviello, 2015; Zander, McDougall-Covin, & Rose, 2015), some of them coming from emerging economies (Jormanainen & Koveshnikov, 2012; Mathews & Zander, 2007).

Methodology

Eisenhardt (1989) proposes a definition of case study as follows: “a research strategy which focuses on understanding the dynamic present within single settings [...] and typically combines data collection methods such as archives, interviews, questionnaires, and observations” (p. 534). As our research objective examines a contemporary, yet neglected phenomenon – interdependences between the firm's international trajectories (Shaver, 2013) – the case study method is adequate to begin exploring it (Yin, 1984). In addition, we use a number of data sources such as archives, internal reports, publicly available reports and interviews, which enable us to triangulate data at multiple levels.

Our case study relies on qualitative data (Eisenhardt, 1989). It is also retrospective or backward-looking because it involves collecting processual, longitudinal data (Langley, Smallman, Tsoukas, & Van de Ven, 2013). Importantly, we did not bracket such data with a single point in the data analysis (George & Bennett, 2005; Langley, 1999). In contrast, we preserve their processual nature in order to explain the internationalization process of the firm, *i.e.*, how and why the firm entered and evolved in foreign markets by placing emphasis on the interdependences driven by customer relationships. Finally, it is worth mentioning that our single case study indeed includes multiple sub-cases, each one corresponding to a particular international trajectory of

Table 1
Secondary data.

Source	Unit	Quantity
Newspapers and specialized magazines such as Business Week, Computer Reseller News, Forbes, InfoWorld, Information Week, Reuters and Gartner Reports	Items	85
SEG's suppliers', buyers' and other business partners' websites	Websites	26
Reports on the foreign markets where SEG operated elaborated by chambers of commerce and trade promotion organizations	Pages	22
Some of the firm's internal reports	Pages	260
Contracts with suppliers, buyers and other business partners	Pages	140
Marketing brochures and sales catalogs	Pages	160
Internal guide books such as service-delivery manuals	Pages	90

Table 2
Interviews.

#	Position	Duration (h)
1	CEO and founder (1st interview)	1:30
2	VP of operations and co-founder (1st interview)	2:00
3	Chief of Staff – Brazil	1:00
4	Business Director – Brazil	1:00
5	Operations Manager – Brazil	1:20
6	Senior Analyst 1 (technical) – Brazil	0:50
7	Senior Analyst 2 (technical) – Brazil	1:00
8	Administrative Manager – Brazil	0:40
9	Senior Analyst (administrative) – Brazil	0:50
10	Country Manager – USA	1:30
11	Senior Analyst (technical) – USA	0:50
12	Junior Analyst (technical) – USA	0:40
13	Country Manager – Mexico	1:00
14	Product Manager – Mexico	1:00
15	VP of operations and co-founder (2nd interview)	0:40
16	CEO and founder (2nd interview)	0:40

the selected firm. This option is close to [Yin's \(1984\)](#) embedded case study and [Gerring's \(2007\)](#) within-case approach. Here, this option is particularly useful as it has enabled us to analyze more than a single interdependence between the international trajectories of the firm. By choosing an embedded case study we then avoided being overly dependent on a unique interdependence between such international trajectories.

We selected our empirical case grounded on two reasons. First, we employed theory-based sampling with the aim of identifying the phenomenon we were interested in ([Dimitratos, Plakoyiannaki, Thanos, & Forbom, 2014](#)): the interdependences between the firm's international trajectories. Therefore, we sought for firms that have internationalized operations in more than one foreign market. To have more than a single international operation was considered a necessary, but not sufficient condition for the emergence of such interdependences. Second, we wanted free access not only to primary data but also to secondary data so as to increase our research internal validity ([Langley, 1999](#)).

As part of his job, the first author had a number of business meetings between 2009 and 2011 with the CEOs and VPs of some of the most prominent, fast-growing and reputable IT Brazilian firms. In such meetings, they usually discussed the international operations of these firms. He was then aware that a couple of firms had ventured into more than one foreign market and mostly important, found clues that some of these foreign markets had become interconnected over time ([Johanson & Vahlne, 1990](#)).

We then decided to approach one of the Latin America market leaders, a firm that had received awards such as Gartner Institute's positive stamp, SC Magazine's best buy product, FINEP's Technological Innovation Prize and Info Security Products Guide's best product. After explaining our research aims, we received consent for doing our empirical investigation by SEG, a Brazilian IT born-global firm.

We collected secondary data from a number of sources (see [Table 1](#)). In total, we collected 943 pages containing data considered as potentially relevant. These data were later compiled and coded, thus resulting in 591 pages of double-spaced text.

We also carried out 14 face-to-face interviews with key professionals (see [Table 2](#)). These interviews were digitally recorded with total recorded time amounting to 16 h and 30 min. Subsequently, they were transcribed verbatim, thus producing 126 pages of singled-space text. We carried out the interviews between April and June 2011 in the following cities: São Paulo, São Paulo State, Brazil and Rio de Janeiro, Rio de Janeiro State, Brazil.

As explained beforehand, our case study is based on processual, longitudinal data. From a dynamics standpoint ([George & Bennett, 2005](#); [Langley, 1999](#)), we analyzed the interdependences between SEG's international trajectories by covering a specific, yet very long period of its internationalization process (fourteen years). In addition, we collected data from all of the foreign markets where the firm had some international experience (the US, Mexico, Canada, the Dominican Republic and Panama). For the time being, the firm still operates in the US, Mexico and Canada. Moreover, it has not yet reentered the Dominican Republic and Panama. This is close to what we observed between 1997 and 2011. Having said this, we have no elements to interpolate our data. To analyze what happened between 2012 and 2016 we would have to make another round of interviews and collect additional secondary data. This is far beyond the scope of this article. Yet, it would not change the results presented here at all.

We sketched an interview protocol composed of two parts. In the first one, we aimed to broadly map out SEG's internationalization process. With this in mind, we encouraged the interviewees to tell us about the background of SEG's international operations from the outset. Therefore, we asked the following question: “When and how did your company enter foreign markets after you joined the team?” This question was followed by queries about perceived critical events – landmarks and shortcomings – in the internationalization of SEG. Some examples are: “Please, name and explain some events you judge as relevant in the course of the internationalization of SEG”; “How would you retell the evolution of SEG's first international

operation?”; “What were your perceptions about the first foreign market entry mode?”

Subsequently, we basically asked the interviewees the following questions: “How and why the company entered and changed operations in foreign market X?” At this time, we had already learnt that the internationalization of SEG comprised five international trajectories, each one roughly corresponding to a given foreign market. Therefore, we initially asked each interviewee about the foreign markets s/he was more knowledgeable about and then posed the aforementioned question.

Even though data collection and data analysis overlapped (Eisenhardt, 1989), a more orderly data analysis was initiated only after we finished data collection. Our first step involved collapsing the texts containing secondary and primary data into one single document. In this process, we selected the excerpts that interested us most, that is, facts and opinions closely related to SEG’s five international trajectories. In doing so, we triangulated data as follows: secondary data themselves, primary data themselves and secondary data *vis-à-vis* primary data. We found some discrepancies that led us to contact the CEO and the VP of operations once again in order to help us solve those ones (interviews # 15 and #16).

Grounded on Langley’s (1999) and George and Bennett’s (2005) works, we employed process tracing (also known as process mapping) to progress with data analysis. Generally speaking, this data analysis technique involves building sequences of interconnected events, namely, events linked by cause and effect (Pentland, 1999). It emphasizes “how things evolve over time and why they evolve in this way” (Langley, 1999, p. 692). In our case, the sequences of events refer to SEG’s international trajectories.

One of the first tasks in building such sequences is to choose the events that form them (George & Bennett, 2005). This choice depends on theoretical and empirical reasoning (Langley, 1999). In terms of the international trajectory of the firm, events are usually illustrated by the foreign market entry mode and modal shifts (Gao & Pan, 2010). The entry mode is the servicing mode

that underpins the first experience of the firm in a foreign market (Dias, Rocha, & Silva, 2014). Modal shifts are the result of changes following the foreign market entry mode (Gao & Pan, 2010). They correspond to the subsequent servicing modes selected in the course of the international trajectory of the firm (Benito, Petersen, & Welch, 2009).

In our piece of research, empirical evidences pointed that modal shifts were best represented by changes in either the degree of the localization or the degree of externalization of activities in the value chain (Casillas, Moreno, & Acedo, 2012). The former means the degree to which the firm operates activities in a particular foreign market whereas the latter means the degree to which the firm either operates such activities in-house or externalizes them to other firms.

We then identified the foreign market entry mode and, whenever it was the case, the ensuing modal shifts in order to build each of SEG’s international trajectories. We also explained the reasons that lie behind the entry and the modal shifts. Table 3 contains some interview excerpts representing our first variable: international trajectories.

While we probed into the what, why and when SEG’s international trajectories were triggered, as well as evolved in a given foreign market the way they did over 14 years, we learnt a great deal about the firm’s internationalization process. This knowledge was very useful in that it enabled us not only to write preliminary drafts of each international trajectory, but also to produce a visual map covering all of them (Langley, 1999).

We advanced the data analysis by isolating and more importantly, ensuring that the causal path that emerged from the data analysis was tenable. This was far from trivial inasmuch as we had to find and principally cross-check empirical evidences about two issues: the interdependence between at least two of SEG’s international trajectories and the influence of customer relationships on such interdependences.

At this point, we had the drafts of each international trajectory and the visual map with all of them. Whereas we carefully

Table 3
Interview excerpts.

Variable	Interview excerpts
International trajectories	Operations Manager. “After entering the United States, we only cared about selling, but legal limitations in services provision made us switch from a sales office into a subsidiary”. (Event 2 of the Trajectory in the US). CEO and founder. “The financial crisis hit us hard around 2007 and 2008. After the second half of 2007 we faced difficulties in getting new projects started, and also in renovating ongoing contracts. This made us close operations in the Dominican Republic and then in Panama. Both on the same year, 2008” (Event 3 of the Trajectory in the Dominican Republic).
Customer relationships	Business Director. “At that time, we were beginning our domestic operations and learning to manage the company. We had no intention to go abroad. However, our customer put some pressure on us to provide services to them in the US”. Operations Manager. “Our sales agents in Mexico were doing fine, but once we hit a bigger new client – a large telecom company – we knew we had to set up a new operation exclusively for them, and we did that by opening up a joint-venture in association with their own business group.
Interdependences	VP of operations and co-founder. “Some of our North American clients also operated in Canada, and by working with them we started to see some interesting opportunities to expand our services delivery (mainly system customization) to their bases in this country” (INTER-3). VP of operations and co-founder. “Around 2005 and 2006 [CEO] liked the idea that our work and our network in Mexico could reveal expansion opportunities to new clients in Panama and the Dominican Republic, and he got convinced to make a bet on this plan” (INTER-5).

re-read each draft, we picked up evidences about the causal path we were interested in and linked them to the events of the visual map. Soon afterwards, we took a step back and connected these evidences to the corresponding excerpts of the merged document. Not yet satisfied, we went as far as back to the original documents in order to re-contextualize the excerpts. Although time consuming, this procedure was rather interesting because it reminded us how they were positioned in the raw data.

Table 3 contains two interview excerpts exemplifying our second variable: customer relationships and their effect on some of the international trajectory of the firm. It also contains examples of interview excerpts that substantiate the interdependences between the international trajectories of the firm (our third variable). It is worth make the general point that we considered at least two international trajectories to be interdependent if a particular event of an international trajectory of the firm (entry or any subsequent modal shift) was explained with reference to another, connected international trajectory of the firm by the interviewees.

After collecting what we judged sufficient evidences, we decided to produce a secondary draft of each international trajectory. At this time, we placed emphasis on the interdependences between them and their respective generative mechanisms, in particular the firm's customer relationships. We also drew another visual map showing all five international trajectories. As a result, we got a big picture of how, why and when these international trajectories became interlinked. In doing so, the data analysis ended.

Findings

SEG background

SEG was founded in 1997 in the city of Rio de Janeiro, Rio de Janeiro state, Brazil. In this same year, driven by an opportunity to provide IT security services to a Brazilian multinational corporation (MNC), it started providing services to the North America subsidiary of the Brazilian firm. Whereas at that time the ratio of foreign sales to total sales (FSTS) was 8%, five years later it increased to 25%.

Ten years after its foundation, SEG repositioned itself as an IT GRC (Governance, Risk and Compliance) consulting services provider. “The governance, risk and compliance platform market has expanded from a tactical focus on regulatory compliance to a strategic focus on enterprise risk management” (Gartner Core Research Note, 2011). In doing so, SEG developed relationships with both foreign (in particular medium-sized US banks) and domestic (governmental agencies, insurance companies, banks and universities) customers. As illustrated by the Chief of Staff, consulting services ended up accounting for the largest part of the turnover: “in 2010, 30% of the total turnover came from the software that underpinned our services whereas 70% came from the GRC consulting services”.

Between 1997 and 2011, SEG advanced its internationalization process in the US, and entered Mexico, Canada, the Dominican Republic and Panama. By the end of 2011, it

employed over 130 people and had a turnover of US\$ 60 million a year. FSTS increased to 38%.

Framework

Based on our data analysis, we have built a framework suggesting a relationship between customer relationships, interdependences and international trajectories of the firm. Broadly, we propose that the internationalization process of the firm as a whole can be explained by the interdependences between the firm's international trajectories driven by customer relationships (see Fig. 1):

International trajectories

The first variable of our framework is international trajectories. We conceive the internationalization process of the firm as a whole as composed of a number of international trajectories (in Fig. 1, from N to $N - 1$) (Nachum & Song, 2011). Each international trajectory is in turn seen as formed by two interrelated processes (Shaver, 2013): the entry and the subsequent moves in a foreign market, the former being compulsory.

The entry refers to the initial choice for operating abroad and embraces decisions on the geographical context and the servicing mode (Dias, Rocha, & Silva, 2014) whereas the subsequent moves correspond to modal shifts in a given international trajectory (Benito et al., 2009).

This broad conceptualization of international trajectories opens room to cover different patterns of international trajectories. These include gradual trajectories, illustrated in terms of either tangible and intangible resource commitment (Johanson & Vahlne, 1977) or routes in a foreign market (Johanson & Wiedersheim-Paul, 1975). Alternatively, they embrace international trajectories that follow either non-linear paths (Vissak & Francioni, 2013) or present irregular behaviors (Hadjikhani et al., 2014).

The internationalization process of SEG is composed of five international trajectories, each one of them unfolding in a given foreign market: The US, Mexico, Canada, the Dominican Republic and Panama. Three international trajectories (the American, the Mexican and the Canadian ones) show that SEG committed resources gradually (Johanson & Vahlne, 1977). In contrast, the international trajectories unfolding in the Dominican Republic and Panama are examples of irregular international trajectories (Hadjikhani et al., 2014), namely, sequences of events showing both increase and decrease of resources commitment. It is of particular interest that the firm exited both foreign

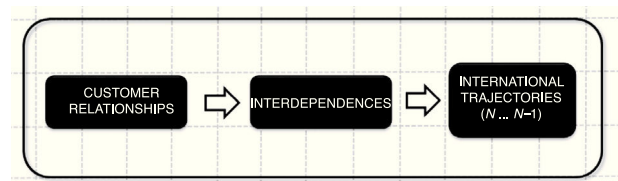


Fig. 1. Framework

Source: Authors.

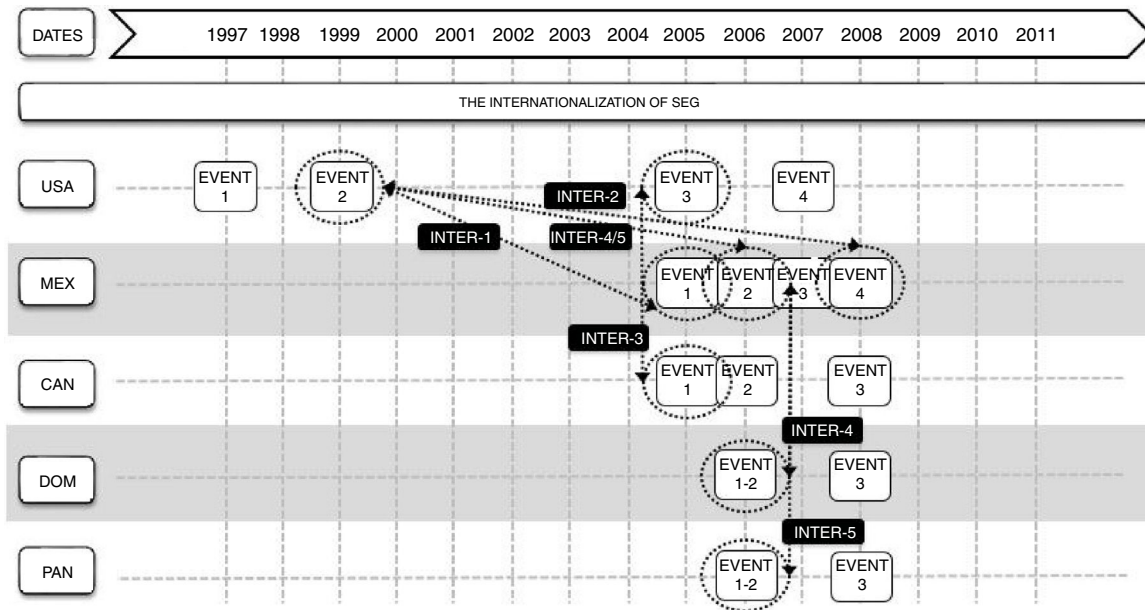


Fig. 2. Customer relationships and interdependences in the internationalization process of SEG

Source: Authors.

markets, representing internationalization retrenchment (Benito et al., 2009).

Each of these international trajectories is detailed below. We emphasize the events that comprise each international trajectory and the driving forces that lie behind them (Langley, 1999). Our aim in describing and explaining the five international trajectories of the firm is to shed light on how SEG entered and evolved in these foreign markets. In doing so, we lay the foundation to unveil how customer relationships influence some of the events of the international trajectories and more importantly, how they drive the interdependences between such trajectories.

The trajectory in the US. SEG's international trajectory in the US dates back to 1997 and comprises four events: entry (event 1), wholly owned sales/marketing and production subsidiary (event 2), local services offices (event 3) and regional headquarters (event 4) (see Fig. 2).

SEG's footprint abroad took place roughly as the same time it was founded. It started providing IT security services to a Brazilian MNC that also operated in the US. Because this customer needed IT services for its American subsidiary, it pushed SEG to the US market. As remarked by the Business Director, this came out of the blue: "At that time we were not considering going abroad; however we did not want to make room for another service provider to step in".

In 1999, SEG opened a wholly owned subsidiary in Fort Lauderdale, Florida, as the result of the growth of its American operations (event 2). During two years, SEG provided IT services to the Brazilian MNC's American subsidiary both from the HQ (Brazil) and at the foreign premises of the customer affiliate. Gradually, SEG concluded that this arrangement was no longer suitable because it hindered the acquisition of local knowledge. In addition, legal limitations in services provision and logistics costs played a role. Consequently, SEG established a wholly

owned subsidiary performing sales/marketing and production activities.

For six years (1999–2005), SEG-America only provided services to the American subsidiary of the Brazilian MNC, its first customer. From that time on, it managed to establish relationships with a number of American firms, in particular medium-sized banks. These new relationships drove SEG to open up three new offices in the US: Boston (2005), Chicago (2005) and New York (2006). "Around 2005 we saw demand level rise from the many contracts we had under the responsibility of our office in Miami. In a matter of months, we opened up new offices in Chicago, Boston and New York to regionally manage service delivery" (CEO and founder). This is the event 3 of the international trajectory in the US.

The last event of SEG's international trajectory in the American market points to local value-added increase in terms of a regional mandate (event 4). SEG realized that it lacked knowledge and coordination capabilities to carry out these activities efficiently from Brazil. Thus in 2007 it expanded the role of SEG-America by enabling it to host a regional HQ.

The trajectory in Mexico. SEG's trajectory in Mexico comprises four events: entry (event 1), externalization of sales/marketing and services delivery activities (event 2), internalization of these activities (event 3) and joint venture (event 4) (see Fig. 2).

Having been operating in the US for about eight years, in 2005 SEG-America was pushed into the Mexican market by one of its American customers. This is the first event in Mexico and corresponds to the entry into this foreign market.

One year later, it externalized sales/marketing and IT services delivery activities (event 2). Although it lacked experience with externalization of such activities, it decided to accredit external professionals to prospect new customers, be in charge

of sales processes and provide part of the implementation and customization services involved in its delivery.

In 2007, SEG internalized sales/marketing and IT services delivery activities by hiring eight people who had been previously accredited (event 3). This new approach enabled SEG to manage sales and delivery in a more efficient way, as well as acquire finer-grained local market knowledge.

One year later, it formed a joint venture with its first local customer: A Mexican Telecom firm (event 4). “Our commercial agents in Mexico were doing fine, but once we hit a bigger new client – a large telecom company – we knew we had to set up a new operation exclusively for them, and we did that by opening up a joint-venture in association with their own business group” (Operations manager). In spite of being considered highly profitable, this arrangement was underpinned by a formal contract that forbid SEG-America to provide IT services to other customers in the Mexican market by deploying the same resources bundle committed to the joint venture. In this sense, SEG could not scout local opportunities unless it committed more resources in Mexico by, for instance, opening up a local office and hiring additional staff. At that time, this was out of question.

The trajectory in Canada. The trajectory of SEG in Canada comprises three events: entry (event 1), the externalization of sales/marketing and services delivery (event 2), and internationalization of these activities (event 3). As Fig. 2 shows, the Canadian trajectory bears much resemblance to the Mexican one.

Event 1 – entry – took place in 2005. Driven by its American customers, SEG-America was pushed into Canada to provide IT services to the Canadian subsidiaries of some of its American customers. As commented by the VP of operations and co-founder, “some of our North American clients also operated in Canada and Mexico, and by working with them we started to see some interesting opportunities to expand our services delivery (mainly system customization) to their bases in these two countries”.

One year later, it externalized sales/marketing and IT services delivery by accrediting external professionals (event 2). In 2007, SEG-America decided to prospect and to provide services to customers on its own (event 3). Different from what happened in the Mexican market, the accredited professionals showed little interest in being hired. In addition, the brokerage position assumed by such professionals impeded SEG-America to develop stronger relationships with local customers and accumulate local knowledge.

The trajectory in the Dominican Republic. SEG’s trajectory in the Dominican Republic embraces three events: entry (event 1), externalization of sales/marketing and services delivery (event 2), and retrenchment (event 3) (see Fig. 2).

The entry into the Dominican Republic dates back to 2006 and has its roots in two episodes. First, the IT services provided to Mexican customers, including both design- and language-based customization, drew attention to potential customers operating in the Dominican Republic. “Around 2005 and 2006 he [CEO] liked the idea that our work and our professional network in

Mexico could reveal expansion opportunities to new clients in Panama and in the Dominican Republic, and he got convinced to make a bet on this plan” (VP of operations and co-founder). Second, the participation of SEG-America in trade fairs both in Mexico and in the US proved to be very useful in that it enabled the subsidiary to build its first relationships with CAC (Central America and Caribbean) region customers.

Event 2 is the externalization of sales/marketing and IT services delivery. To some extent, SEG-America decided to replicate the strategy implemented in the Mexican and Canadian markets impelled by the same drivers: lack of market knowledge and cost contention. However, it did not work because some accredited professionals were found to behave opportunistically by, for example, leaking proprietary knowledge and acting as independent consultants on their own benefits.

Only two years after entering the Dominican Republic, SEG exited it (event 3). In addition to coping with opportunism, it faced difficulties in obtaining new contracts due to economic downturn.

The trajectory in Panama. SEG’s trajectory in Panama comprises three events: entry (event 1), externalization of sales/marketing and IT services delivery activities (event 2) and retrenchment (event 3). We are not going into detail in the Panamanian trajectory because it is very similar to the Dominican trajectory (see Fig. 2).

Customer relationships

The second variable of our framework is customer relationships. In industrial networks, customer relationships refer to repeated exchanges between a supplier and a customer transacting economic and noneconomic resources (Oberg, 2014).

Previous research proposes that customer relationships play a role in the internationalization process of the firm (Freeman, Hutching, & Chetty, 2012; Nordman & Tolstoy, 2014). The bulk of this research pays attention to the influence of customer relationships on the initial operations of the firm in a given foreign market (Coviello, 2006). It is suggested that customer relationships drive the firm to enter a new foreign market with the aim of providing customized offerings such as products and services to the customer (Kipping, 1998). This is particularly salient in the services industry where a given services supplier such as advertising agencies and business and IT consultancies started servicing abroad at the premises of their domestic customers. This mechanism is dubbed client-followership (Majkgård & Sharma, 1998), and indicates a passive internationalization. That is, the customer, not the firm itself, is the agent that effectively triggers the internationalization of the firm. As described earlier, SEG initiated operations abroad driven by one of its first customers, a Brazilian MNC that operated in the US.

In addition to playing a role in driving the firm abroad, customer relationships may also influence modal shifts in a particular foreign market by, for instance, making the firm commit more resources such as opening a sales or a production subsidiary. According to Hohenthal et al. (2014), the effect of customer relationships on foreign market post-entry is under-researched. With the exception of Coviello and Munro (1997),

there is a paucity of studies showing how customer relationships influence the internationalization of the firm beyond the first move. Our case shows that customer relationships affect not only the foreign market entry, but also modal shifts. Specifically, such relationships drove SEG-America to commit more resources in two ways. First, they propelled SEG-America to open up a number of offices within the foreign market in order to provide services to customers located in various geographical regions. Event 3 of the international trajectory in the US is a nice illustration (see Fig. 2). At that time, SEG-America had developed relationships with a number of US firms operating in the East and West Coasts. These customers frequently required IT consultancy services involving face-to-face meetings between teams from both SEG-America and the US customers. SEG-America concluded that a more efficient and higher quality services implied creating local offices. In addition, these offices were used as a springboard for prospecting new customers. Second, customer relationships were the starting point for SEG-America to engage in foreign servicing modes not previously selected. Event 4 of the international trajectory in Mexico is particularly elucidative (see Fig. 2). SEG-America formed an international joint venture with a local customer with the aim of providing IT consultancy to the affiliates of this customer. Interestingly, SEG had no previous experience with forming joint ventures. Our evidences suggest that SEG-America's customer relationships lie behind such new arrangement.

Interdependences

The third variable of our framework is interdependences. In this piece of research, interdependences refer to interconnected moves between at least two international trajectories (Nachum & Song, 2011). This means that what happens in a particular international trajectory is likely to influence or be influenced by what happens in another international trajectory of the firm (Clark & Mallory, 1997).

As discussed in the previous section, the literature suggests that customer relationships affect the international trajectories of the firm. Our framework introduces a different, yet complementary view of this influence by suggesting that interdependences between the firm's international trajectories mediate it. We then propose the following causal path: customer relationships drive interdependences between the firm's international trajectories, which in turn shape the international trajectories of the firm (see Fig. 2).

In more detail, we propose that the firm develops relationships with customers in different, yet overlapping networks that span more than one geographical context (Mattsson, 1998). As a result, changes happening in one network are likely to flow to other networks through customers' nodes (Figueira-de-Lemos and Hadjikhani, 2014). In fact, changes may not only be transmitted, but can also be transformed, reduced or amplified through these nodes (Easton & Lundgren, 1992). Acting as bridges between networks, customer relationships may thus trigger interdependences in the internationalization process of the firm. That is how the firm enters and evolves in a

geographical context influences and is influenced by how the firm enters and evolves in other geographical contexts.

Our evidences point to five interdependences between SEG's international trajectories driven by customer relationships: American vs. Mexican (see INTER-1 and INTER-2), American vs. Canadian (see INTER-3), American vs. Mexican vs. Dominican (see INTER-4) and American vs. Mexican vs. Panamanian (see INTER-5) (see Fig. 2).

INTER-1 is the interdependence between SEG's American (event 2) and Mexican (event 1) international trajectories. During eight years, SEG-America operated in the US by both delivering IT services to its first customer, a Brazilian MNC, and to American customers with whom it managed to build relationships. Some of these customers also operated in the Mexican market and demanded IT services to be delivered at the local level. As a result, they required SEG-America to provide IT security services both locally and remotely to their Mexican subsidiaries. Given that, the entry into Mexico is explained with reference to SEG's international trajectory in the US, in particular the relationships developed with American customers.

INTER-2 is the interdependence between SEG's American (event 2) and Mexican (event 4) international trajectories. Three years after entry, SEG-America managed to establish relationships with its first Mexican customer, a Telecom group. This relationship gave rise to a joint venture between SEG-America and a firm owned by the Mexican Telecom group. In this sense, the explanation of the third modal shift (event 4) in the Mexican market also lies in SEG-America's trajectory, the relationships between SEG-America and a Mexican customer being the generative mechanism of INTER-2.

INTER-3 is the interdependence between SEG's American (event 3) and Canadian (event 1) international trajectories. At that same time, SEG-America ventured into the Mexican market, it stepped in Canada (Wang & Suh, 2009). This interdependence also has its roots in the relationships between SEG-America and its American customers. Because these customers demanded IT security services to their Canadian subsidiaries, they drove SEG-America into Canada.

INTER-4 is the interdependence among SEG's American (event 2), Mexican (event 1) and Dominican (event 1) international trajectories. By offering customized, yet less costly services to the Mexican subsidiaries of its American customers, SEG-America called the attention of Dominican customers interested in IT security services. This initial interest was later reinforced by the participation of both SEG and SEG-America in trade fairs. In this sense, we explain the entry into the Dominican Republic by referring to the Mexican trajectory, which in turn relates to the American one.

INTER-5 is the last interdependence between SEG's international trajectories. It involves SEG's American (event 2), Mexican (event 1) and Panamanian (event 1) international trajectories. The Panamanian and the Dominican trajectories were triggered simultaneously (Wang & Suh, 2009). In order to explain INTER-5 we call for two other of SEG's international trajectories and place emphasis on the relationships developed between SEG-America and its Mexican customers.

Discussion and implications

Our first and foremost result suggests that customer relationships drive interdependences in the internationalization process of the firm. As illustrated by the case of SEG's internationalization process, five interdependences (from INTER-1 to INTER-5) rooted in this type of relationship emerged as the firm evolved abroad, and connected five geographical contexts. Overall, the internationalization process of SEG was shaped by the interdependences between its international trajectories.

In the IB field there is a plethora of theoretical approaches disputing the primacy to offer a more accurate picture of the internationalization of the firm (Rugman, Verbeke, & Nguyen, 2011). The network approach, in particular the industrial network view is a candidate (Forsgren et al., 2015). Our case shows that networks can be viewed as the independent variable in the internationalization process of the firm (Hohenthal et al., 2014). Accordingly, this process is the result of the relationships developed by the internationalizing firm as well as the networks in which such relationships are embedded (Johanson & Mattsson, 1988). As networks matter (Forsgren et al., 2015; Johanson & Mattsson, 1988), we concur that the network approach is a fruitful lens for examining how firms enter and make subsequent moves in foreign markets (Johanson & Vahlne, 1990, 2009). Moreover, the network approach can be utilized to understand the internationalization of the firm from a dynamics standpoint. Hohenthal et al. (2014) forcefully suggest that the majority of empirical studies using the network approach in IB are eminently static, namely, they focus on a single event in the internationalization process of the firm, notably the entry choice. Here, we draw attention to the fact that networks affect not only the foreign market entry, but also the subsequent moves of the firm in foreign markets (Coviello, 2006). Therefore we suggest that the network approach is useful not only for snapshot empirical studies, but also for studies that are more concerned with modals shifts over time (Welch & Paavilainen-Mäntymäki, 2014).

We also show that customer relationships stand out in the internationalization process of the firm (Freeman et al., 2012). First, customer relationships drive the HQ to foreign markets, an internationalization mechanism known as client-followership (Majkgård & Sharma, 1998). For example, the relationships between SEG and its first customer, a Brazilian MNC, drove the firm to enter the US and paved its ways for developing relationships with American customers. Second, they affect not only the choice of the entry mode, but also the subsequent moves of the firm in a given foreign market. The opening of offices across the US and the international joint venture formed in Mexico are good examples. Taken altogether, these results suggest that networks indeed matter in the internationalization process of the firm, yet heterogeneously (Shipilov & Li, 2012).

Most importantly, our case shows that customer relationships drive interdependences in the internationalization process of the firm. This happens because these relationships do not develop in a social vacuum (Andersen & Buvik, 2002). They are connected to other relationships embedded in a number of networks (Nordman & Tolstoy, 2014), be they domestic, foreign or both (Chetty & Eriksson, 2002). This means that what

happens in a particular relationship is likely to have an effect on connected relationships (Clark & Mallory, 1997). Therefore, customer relationships act as conduits for conveying resources, knowledge and changes across places (Easton & Lundgren, 1992). For example, the relationships between SEG's affiliate and American customers pushed the subsidiary into other foreign markets such as Mexico and Canada, thus enabling it to start its own internationalization process (Forsgren, Holm, & Johanson, 1992).

Interestingly enough, the internationalization process of SEG is close to what Forsgren et al. (1992) call Internationalization of the Second Degree. That is, the subsidiary initiates its own internationalization process mimicking the internationalization of the HQ. However, our case draws attention to a slightly different situation in that it shows that the entries into such markets were due to customer relationships developed by the American subsidiary. The internationalization of the second degree was then triggered by the customer relationships of the subsidiary, not by the subsidiary itself.

With these results in mind, we address two issues that have received scant attention in the IB literature. The first issue dates back to Johanson and Vahlne's (1990) pioneering work. The authors hypothesized that the interconnectedness between foreign markets would have important theoretical implications to our understanding on the internationalization process of the firm. This proposition has been seemingly gone unnoticed notwithstanding. In this vein, Shaver (2013) states, "we tend to give little consideration to what the firm did previously, what it did in another market [...]" (p. 26). Consequently, research has not yet made significant progress with this issue. Needless to say, our knowledge about such interdependences remains sketchy and parsimonious. More recently, Welch and Paavilainen-Mäntymäki (2014) have made a similar point by suggesting that the literature usually views a particular international trajectory as independent from other trajectories that evolve in similar networks. In their words, "what is conceived as a single, coherent process is actually itself composed of multiple and sometimes even conflicting processes" (p. 16).

The second issue has been brought to surface by Hohenthal et al. (2014). It refers to the temporal links between the firm's direct relationships such as customer relationships and the network in which they are embedded. The authors go on to say, "this is an interesting area of study but the extant literature does not give much information about this beyond the first step into the foreign market" (p. 11). This means that there is a dearth of studies about how customer relationships influence the internationalization process of the firm beyond the decisions about foreign market and entry mode.

By helping fill these gaps, we argue that our results offer a more nuanced picture of the internationalization process of the firm. In our view, this process takes place in various interpenetrating geographical contexts with only limited co-ordination between them (Andersson, 2002; Axelsson & Johanson, 1992). As a consequence, it cannot solely be modeled as an aggregation of independent trajectories one after another. On the contrary, the internationalization process of the firm as a whole can be the result of a number of international trajectories that become

interconnected due to customer relationships (Coviello & Munro, 1997).

This picture seems to be in contrast not only with accepted behavioral models of the internationalization of the firm (Forsgren et al., 2015), but also with a research subset carried out under the umbrella of born-global firms (Hashai, 2011). Perhaps this apparent contradiction boils down provided we take into account that former results mainly originate from studies that isolate a particular international trajectory for examining its mechanisms (Hadjikhani et al., 2014). Interdependences between the firm's international trajectories are therefore missed in their explanations.

However, once we assume that the internationalization process of the firm as a whole can be composed of some interdependent international trajectories (Nachum & Song, 2011), as well as design empirical studies to sense them (Welch & Paavilainen-Mäntymäki, 2014), there is strong likelihood of unveiling generative mechanisms that influence them (Johanson & Vahlne, 1977). This article makes a small step toward this aim by suggesting that customer relationships are one of such mechanisms.

Concluding remarks

We analyze the influence of customer relationships in driving interdependences in the internationalization process of the firm. We propose the following causal path: customer relationships affect the interdependences between the firm's international trajectories. As a result, the internationalization process of the firm as a whole will be a consequence of some interdependent international trajectories. This reasoning is illustrated in a qualitative, retrospective and embedded case of a Brazilian born-global firm that entered and evolved in five foreign markets in less than a decade. We found that customer relationships played a role in the internationalization process of this firm in that they induced some of the internationalizing firm's international trajectories to become interdependent in various temporal contexts.

Based on these findings, our contribution to the literature is twofold. First, we propose a rather new picture of the internationalization process of the firm as comprising a number of international trajectories. In doing so, we suggest that interdependences between these international trajectories are likely to arise. Overall, the internationalization process of the firm will be shaped by these interdependences. Secondly, we point out that customer relationships are a generative mechanism of the interdependences between the firm's international trajectories. In this regard, we supplement the extant studies of customer relationships in the internationalization process of the firm by suggesting that their influence goes beyond the decisions about foreign market and entry mode (Loane & Bell, 2009; Majkgård & Sharma, 1998). They can act also as a driver of the interdependences between the firm's international trajectories.

Notwithstanding, some limitations of this piece of research are worth mentioning. First, limitations in relation to the method should be bore in mind, in particular concerns with statistical generalization (Yin, 1984). Second, the literature suggests that born-global firms tend to pursue accelerated internationalization

processes (Mathews & Zander, 2007; Zander et al., 2015). On the one hand, this might have inflated the results of our case study. On the other hand, SEG is not a genuine born-global firm because serendipity played a role in its first step in international markets (Coviello, 2015). SEG was not set up with the aim of operating internationally. It was founded to exploit a local opportunity and soon afterwards started its internationalization process unexpectedly. This might have reduced bias stemming from the type of firm and speed of internationalization. Regardless, we propose examining this issue in a more conservative context such as the one represented by the internationalization process of more traditional firms. Third, although we singled out customer relationships as a generative mechanism of interdependences in the internationalization process of the firm, we cannot rule out the possibility that other types of relationships such as supplier relationships act similarly (Andersen & Buvik, 2002). In our view, this merits further investigation. Fourth, bias stemming from the country of origin of the firm should not be discarded. Fifth, we did not interview some of the customer mentioned here even though we collected some secondary data from them (websites and contracts). On the one hand, we do not have the point of the view of the customers about the events and the generative mechanism discussed in this article. On the other hand, customers may not be aware of what happens in terms of the internationalization process of their suppliers, in particular the interdependences between their international trajectories. Nevertheless, we suggest to interview suppliers and customers in future investigations even though we acknowledge that this task is difficult, specifically in research involving more than one foreign market such as ours. Finally, we investigated an internationalization process from the outset, covering a period of fourteen years and comprising five international trajectories. We wonder whether examining longer and more geographically diversified processes may uncover new patterns of interdependences in the internationalization process of the firm.

Conflicts of interest

The authors declare no conflicts of interest.

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