

# The Effects of Internationalisation on the Entrepreneurial Opportunity Process - The Case of Management Events Oy

Entrepreneurship

Master's thesis

Iris Müller

2012



Aalto University  
School of Economics

# THE EFFECTS OF INTERNATIONALISATION ON THE ENTREPRENEURIAL OPPORTUNITY PROCESS

The Case of Management Events Oy

Master's Thesis  
Iris Müller  
29.04.2012  
Entrepreneurship

Approved by the head of the Department of Entrepreneurship \_\_.\_\_.20\_\_ and  
awarded the grade \_\_\_\_\_

## **ABSTRACT**

The goal of this thesis is to analyse the entrepreneurial opportunity process under the influence of the entrepreneurial internationalisation process. The model of Ardichvili et al. (2003) is chosen as the basis of the frame of reference. In detail, it is the aim to analyse how the structure or the core process of the entrepreneurial opportunity process is affected by the influence of internationalisation activities of a firm. Further, it is the target to research the diverse factors that influence the entrepreneurial opportunity process, as defined by Ardichvili et al. (2003), as well as research whether and which additional influencing factors have to be added to the entrepreneurial opportunity model, if combined with the entrepreneurial internationalisation process.

The empirical study of this thesis is conducted along a single case study approach, analysing the case of Management Events Oy, a Finnish business to business (B2B) invitation only event organiser that has undergone a strong growth and internationalisation process during the last years. The case study is conducted on the basis of the interviews with the founder, Mr Muurainen, as well as the current CEO, Mr Hilvo, written materials that have been published in regards to diverse financial and organisational numbers, as well as the experience and observation of the author of this thesis as an employee of Management Events Oy.

Final results indicate that the basis structure of the model of Ardichvili et al. (2003) also has its validity if the entrepreneurial opportunity process is combined with the entrepreneurial internationalisation process. However, diverse adaptations are suggested: regarding the core process, it is proposed that the opportunity evaluation and development process should be seen as one unit, consisting out of two segments, as these two processes are not linear and often interlinked. Further, the influencing factors of the entrepreneur are suggested to have the biggest impact on the opportunity recognition process, whereas during the opportunity evaluation and development process, additional influencing factors are having a major impact, such as diverse external factors, company internal factors, as well as an international management team that is added during the process of internationalisation. For the purpose of these suggestions, an adapted model of Ardichvili et al. (2003) is presented and it is suggested that future research is needed for its validation.

## **PREFACE AND ACKNOWLEDGEMENTS**

Being part of an international and entrepreneurial environment, as it can be found at the Aalto University, has given me the chance to get a great insight into the area of entrepreneurship, as well as to develop my own entrepreneurial thinking and behaving. Additionally, by having practical experience from diverse companies that are internationally active, has directed my interest from the beginning of my Master studies onwards towards the entrepreneurial processes in international environments.

Since, the research of this thesis has given me the opportunity to analyse in detail the entrepreneurial opportunity process in combination with the entrepreneurial internationalisation process and further enrich my knowledge in the field of entrepreneurship. When it comes to the research process, I would like to show my special gratitude to my thesis advisor, Ms Paula Kyyrö, as well as my second thesis evaluator, Mr Sampo Tukiainen, who have supported and consulted me in a great way during the conduction of the research and writing process. Further, I would also like to thank Mr Muurainen and Mr Hilvo, as well as other key people at Management Events Oy, for supporting me and giving me interviews and information as input for the case study.

Finally, I would like to direct a very special “Thank you” to my family, as well as my fiancé who have been there for me during my entire studies and have been a great source of motivation during this thesis writing process!

## TABLE OF CONTENTS

<b>ABSTRACT .....</b>	<b>ii</b>
<b>PREFACE AND ACKNOWLEDGEMENTS .....</b>	<b>iii</b>
<b>TABLE OF CONTENTS .....</b>	<b>iv</b>
<b>LIST OF FIGURES .....</b>	<b>vi</b>
<b>1 INTRODUCTION.....</b>	<b>1</b>
<b>1.1 BACKGROUND.....</b>	<b>1</b>
<b>1.2 RESEARCH GAP AND PROBLEM .....</b>	<b>4</b>
1.2.1 RESEARCH GAP .....	4
1.2.2 RESEARCH PROBLEM .....	6
<b>1.3 OUTLINE OF THESIS .....</b>	<b>7</b>
<b>1.4 DEFINITIONS.....</b>	<b>8</b>
<b>1.5 LIMITATIONS .....</b>	<b>9</b>
<b>2 FRAME OF REFERENCE.....</b>	<b>11</b>
<b>2.1 MODELS OF THE ENTREPRENEURIAL OPPORTUNITY PROCESS</b>	<b>11</b>
<b>2.2 ENTREPRENEURIAL OPPORTUNITY PROCESS BY ARDICHVILI</b>	
<b>ET AL. (2003).....</b>	<b>16</b>
2.2.1 INFLUENCING FACTORS OF THE OPPORTUNITY PROCESS.....	17
2.2.2 UNITS OF THE OPPORTUNITY PROCESS .....	27
<b>2.3 ENTREPRENEURIAL INTERNATIONALISATION PROCESS .....</b>	<b>34</b>
2.3.1 ROLE OF THE ENTREPRENEUR .....	34
2.3.2 INTERNATIONALISATION PROCESS OF VENTURES.....	37
<b>2.4 SUMMARY OF FRAME OF REFERENCE .....</b>	<b>45</b>
2.4.1 ENTREPRENEURIAL OPPORTUNITY PROCESS.....	45
2.4.2 ENTREPRENEURIAL INTERNATIONALISATION PROCESS.....	48
2.4.3 PRELIMINARY ADAPTED MODEL OF ARDICHVILI ET AL. (2003).....	51
<b>3 RESEARCH METHOD .....</b>	<b>54</b>
<b>3.1 UNIT OF ANALYSIS AND SAMPLING DECISIONS.....</b>	<b>54</b>
<b>3.2 COLLECTION OF EMPIRICAL DATA.....</b>	<b>57</b>
<b>3.3 ANALYSIS AND INTERPRETATION.....</b>	<b>58</b>
<b>4 EVALUATION OF THE STUDY .....</b>	<b>59</b>
<b>4.1 VALIDATION OF THE STUDY .....</b>	<b>59</b>

<b>4.2</b>	<b>LIMITATIONS OF THE STUDY</b> .....	<b>60</b>
<b>5</b>	<b>EMPIRICAL FINDINGS</b> .....	<b>64</b>
<b>5.1</b>	<b>MANAGEMENT EVENTS OY</b> .....	<b>64</b>
5.1.1	FOUNDATION AND CONCEPT .....	64
5.1.2	INTERNATIONALISATION PROCESS.....	65
<b>5.2</b>	<b>INTERVIEW OLLI MUURAINEN, FOUNDER</b> .....	<b>69</b>
<b>5.3</b>	<b>INTERVIEW TOMI HILVO, CEO</b> .....	<b>73</b>
<b>5.4</b>	<b>ANALYSIS OF THE OPPORTUNITY PROCESS</b> .....	<b>80</b>
5.4.1	INFLUENCING FACTORS.....	80
5.4.2	UNITS OF THE OPPORTUNITY PROCESS .....	83
<b>5.5</b>	<b>ANALYSIS OF THE INTERNATIONALISATION PROCESS</b> .....	<b>86</b>
<b>5.6</b>	<b>OPPORTUNITY AND INTERNATIONALISATION PROCESS</b> .....	<b>90</b>
<b>6</b>	<b>DISCUSSION AND ANALYSIS</b> .....	<b>92</b>
<b>6.1</b>	<b>OPPORTUNITY PROCESS</b> .....	<b>92</b>
<b>6.2</b>	<b>COMBINATION OF THE OPPORTUNITY AND THE</b> <b>INTERNATIONALISATION PROCESS</b> .....	<b>93</b>
<b>7</b>	<b>CONCLUSIONS</b> .....	<b>98</b>
<b>8</b>	<b>PRACTICAL IMPLICATIONS &amp; FUTURE RESEARCH</b> .....	<b>102</b>
	<b>REFERENCES</b> .....	<b>vii</b>
	<b>APPENDICES</b> .....	<b>xiv</b>
	<b>Appendix 1: Interview with Tomi Hilvo, CEO</b> .....	<b>xiv</b>
	<b>Appendix 2: Interview with Olli Muurainen, Founder</b> .....	<b>xv</b>

## **LIST OF FIGURES**

Figure 1: Research Gap.....	4
Figure 2: Entrepreneurial Opportunity Process Model (Ardichvili et al., 2003, p. 118) .....	16
Figure 3: Opportunity Development Process (Ardichvili et al., 2003, p. 112).....	32
Figure 4: Preliminary Adapted Model of Ardichvili et al. (2003).....	51
Figure 5: Development of Revenue (Management Events, 2012).....	66
Figure 6: Development of Portfolio (Management Events, 2012) .....	67
Figure 7: Development of Employee Base (Management Events, 2012).....	68
Figure 8: Adapted Model by Ardichvili et al. (2003) .....	98

# **1 INTRODUCTION**

## **1.1 BACKGROUND**

It is the opportunity that is at the heart of every innovation, new business formation, or new strategic decision. Following, it is the entrepreneur who identifies an opportunity and as a result creates value for the stakeholders in prospective ventures. The creative work of an entrepreneur is required, in order to develop a certain opportunity. Without the development of an opportunity, the recognition or perceiving of resources does not lead to a viable business. In short, it is the effective opportunity development process that forms a successful enterprise (Ardichvili et al., 2003, p. 106).

Hence, it is of a high importance to analyse the different factors that have an influence on the successful outcome of the entrepreneurial opportunity process. Generally, findings from literature show that there are three basic views of the entrepreneurial opportunity: the allocative view, where supply and demand are known, the discovery view, where either supply or demand are known, and last but not least the creative view where both, supply and demand are unknown (Sarasvathy et al., 2003, p.146).

But besides the settings of an entrepreneurial opportunity, there are major factors in the environment or the personal characteristics of an entrepreneur that lead to the successful or failed development of the opportunity. So far literature has defined several major factors, which influence the core process of the opportunity process, such as entrepreneurial alertness, information asymmetry and prior knowledge, social networks, personality traits, as well as the type of opportunity itself (Ardichvili et al., 2003, p. 106).

However, due to a rapidly changing global environment, global economic integration, as well as major development in technology and communication, the international landscape that has been formerly been considered as off-limits for new firms, is nowadays not only an option anymore but for certain enterprises the one and only strategic way to survival (Evers, 2011, p.17). In order to being able to stay competitive, especially small and medium sized enterprises can take advantage of



cross border activities, in order to achieve growth, acquire more knowledge, as well as improve the internal capabilities (Wilson, 2006, p. 44). Hence, the question can be raised, how these key changes in the global business environment have influenced and even changed the entrepreneurial opportunity process.

But as further results from literature show, not only new but also already existing small and medium sized enterprises (SMEs) are facing nowadays the great challenge of keeping the competitive advantage not only towards local competitors but global players from markets all around the world. This increased complexity of international trade, combined with diverse push factors from local markets, such as for example high production costs, etc. force firms to exploit and develop new opportunities, in order to stay sustainable and competitive. Especially for SMEs this often presents an even higher test, as they are struggling with professionalising their business procedures in times of rapid internationalisation (Lloyd-Reason, 2003, p. 635).

All these changes have given rise of the interest in the research of the field of international entrepreneurship. The internationalisation process of firms requires individuals to change operation modes, and to acquire additional resources, as well as exposes the firm to higher risk. Hence researchers have conducted multilevel analysis of the internationalisation process of enterprises, examining different impacts at the individual, company, and external levels. Especially the changes of internal firm elements are of a high importance for the understanding of how a firm develops along an internationalisation process, without changing the foreign operation mode, following also for the development of the entrepreneurial activity during the internationalisation process (Welch and Welch, 2004, p.219).

In fact, as the business opportunity is at the centre of the entrepreneurial process, the attention of entrepreneurship research towards the opportunity process has been increasing steadily during the last years. But as opportunities can be found both, in local, as well as in international markets, a number academics in the field of international entrepreneurship have been requesting more studies of the entrepreneurial opportunity recognition process in international settings (Kontinen and Ojala, 2011, p.491).

Consequently, this leads to the actual aim of this thesis. To begin with, it was the compilation of diverse findings from literature regarding the entrepreneurial opportunity process (Sarasvathy et al., 2003; Shane, 2000; Ozgen, 2011; Baron, 2006; Grégoire et al., 2010, Ardichvili et al., 2003, etc.) that woke up the interest for a deeper literature research in the field. As entrepreneurship as a research field itself is very young, it is only little surprising that after searching through existing research results, very little to almost not at all, the entrepreneurial opportunity recognition process and more in detail, in the context of internationalisation has been researched.

However, as the author of this thesis is working for already two years in the highly dynamic and very fast growing SME, Management Events Oy with the head quarters located in Helsinki, Finland, it is as well of a very personal interest to combine the literature research in the field of the entrepreneurial opportunity process, as well as the entrepreneurial internationalisation process with the case study of Management Events Oy. The already existing frame of reference of the entrepreneurial opportunity and internationalisation process shall be further enlarged by the results from the case study, in order to finally analyze in detail the way a rapid internationalisation of a firm influences or even alters the entrepreneurial opportunity process.

Hence, the first part of this thesis shall consist of an extensive review of the frame of reference in the field of the entrepreneurial opportunity process, as well as the entrepreneurial internationalisation process with a special focus on the SME sector. Results shall be reviewed regarding different stages of the entrepreneurial opportunity process, diverse impacts, as well as individual units of the process. As the leading example the model developed by Ardichvili et al. (2003, p. 118) shall be used. In regards to literature on the topic of entrepreneurial internationalisation, results in terms of the internationalisation process itself, different impacts, as well as special attributes in terms of to actual rapid internationalisation pace shall be analyzed. The chapter shall be finished with the summary of the most important findings from the frame of reference and a presentation of a newly suggested model that combines the entrepreneurial opportunity process with the entrepreneurial internationalisation process, before running over to the second part of this thesis, the empirical part.

The second part of this thesis shall be opened by a clear definition of the empirical procedures of a case study, and its features as a qualitative method, and also the focus, as well as the targets of the concrete case study. The actual case study of Management Events Oy shall consist mainly out of the interviews with the founder, Mr. Olli Muurainen, and the current CEO, Mr. Tomi Hilvo. Besides the main interviews the case study shall be extended by findings from personal observations and experiences from the author's daily work as a sales manager for the newly entered Swiss market, as well as written published material of the firm.

In the final part of this thesis the findings from the qualitative study shall be elaborated, before comparing outcomes and the suggested model from the frame of reference with the results from the case study. The final goal shall be to being able to present the closing conclusions, in order to answer the previously defined research questions. As the final and last step, practical implications, as well as ideas for future research shall be presented.

## 1.2 RESEARCH GAP AND PROBLEM

### 1.2.1 RESEARCH GAP

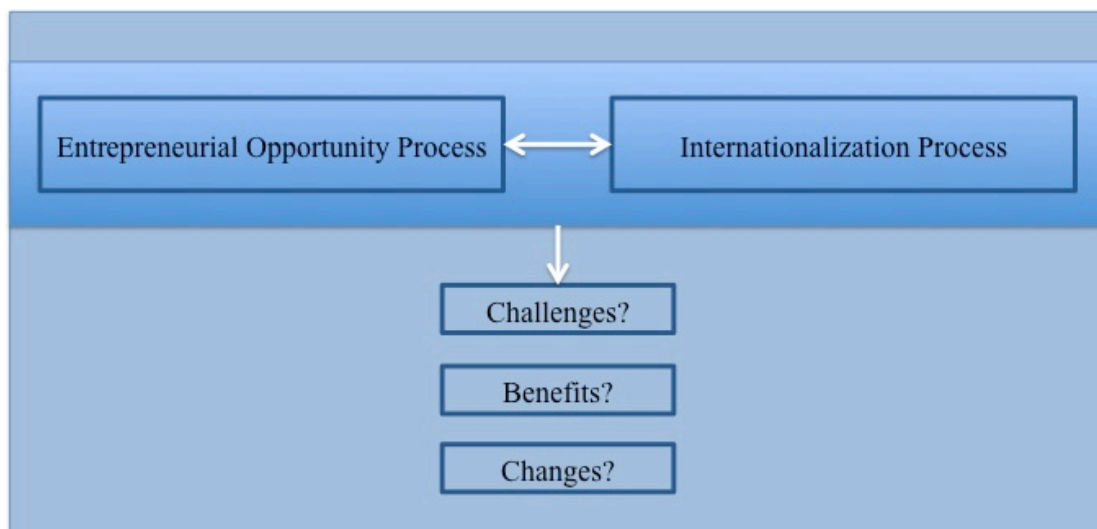


Figure 1: Research Gap

In order to help to better understand the underlying research gap of this thesis, figure one presented above shall help the visualisation of the reader. As it is illustrated in the figures, the area of the entrepreneurial internationalisation processes and the

entrepreneurial opportunity process as their own entities are rather clear. However, when it comes to the combination and influence of both processes together, so far findings from literature are barely, if at all existing.

In fact, in terms of the entrepreneurial opportunity process, diverse, already existing literature can be found. Such as for example one of the leading articles by Ardichvili et al. (2003), where the authors present one of the foremost theoretical models of the entrepreneurial opportunity process, which shall be elaborated more in detail during the frame of references of this thesis. More in detail, Sarasvathy et al. (2003) for example present the three views of the entrepreneurial opportunity recognition process in their research. But then there can be also found multiple other academic researches, where different perspectives of the entrepreneurial opportunity process are discussed (Ma and Huang, 2008; Baron, 2006; Tang, 2009; Grégoire et al., 2010; Sarasvathy, 2001, etc.).

Supplementary, also in the area of the international entrepreneurship literature an adequate number of results can be found. As for example one of the early researches on international entrepreneurship by Oviatt and McDougall (1994), presenting one of the first theoretical frameworks on international new ventures. Often mentioned and found in literature are also the articles by George and Zahra (e.g. 2001, 2004, 2006). In their researches the authors put their focus on new ventures, new market entries and internationalisation. And especially in the sector of the internationalisation process of SMEs an increasing tendency of researches can be recognized (Acedo and Florin, 2006; Lloyd-Reason, 2003; Wilson, 2006; Schulz et al., 2009; Kontinen and Ojala, 2011; Wright et al., 2007, etc.).

However, the features and impacts of today's accelerated internationalisation processes that also highly effect small enterprises lead to certain questions in regards to the resulting entrepreneurial challenges, the effects on the entrepreneurial opportunity process, as well as its changes. Previously most of the research in the area of internationalisation has been focused on big enterprises. But also the role of the entrepreneur in the internationalisation process has been generally under explored in international business journals (Acs et al., 2003, pp. 5-6).

More in detail, despite a call for more research on the entrepreneurial opportunity process in international settings, there has been very little empirical research on the entrepreneurial opportunity process within the field of international entrepreneurship. If research results can be found in this field, the studies are mostly conducted among rapidly internationalising enterprises, such as for example born globals or international new ventures. However, international entrepreneurship can and should be seen on a broader basis and is not limited to a specific speed of internationalisation or a certain type of industry (Kontinen and Ojala, 2011, p.491).

Consequently, as the actual status, it can be concluded that the current research gap is very big and not only one research project will be enough to fill it. However, the major aim of this thesis is to address the research gap with the review of the frame of reference, as well as the conduction of the case study, in order to fill it with empirical findings to a certain degree and open up the possibility and motivation of future studies to further work on closing the existing research gap. As the next step, the underlying research problem shall be discussed.

### **1.2.2 RESEARCH PROBLEM**

The rapid globalisation and internationalisation of the markets has had diverse impacts on the strategic and operational targets and development of firms, positive as well as negative ones. Also, there might be differences between home and host market aspects which need to be considered by the firms, in order to being able to recognize also opportunities in the international field (Kontinen and Ojala, 2011, p. 509) and being able to further exploit and develop the opportunities locally and internationally.

Concluding, it can be assumed that from a practical point of view, the research of this thesis is of a high importance, in order to present findings and directions for entrepreneurs that are facing the challenge of handling the opportunity process during the path of internationalisation, to be aware of risks, and to recognize the entrepreneurial opportunities also in the international markets. Hence, it is of a very high importance to understand the effects of an accelerated internationalisation process on the entrepreneurial opportunity process, in order to achieve long-term success on the local, as well as the international markets that a firm is active in.

Following, it can be stated that the aim of this thesis shall be to deliver certain practical implications that can be used to support entrepreneurs that are facing the challenge of handling the development of opportunity process, while at the same time having to deal with the internationalisation process. How these practical implications shall be achieved, will be elaborated in the next chapter with the outline of the thesis.

### **1.3 OUTLINE OF THESIS**

To begin with, the first main part of this thesis, namely the frame of reference shall be opened with the general discussion of the diverse processes of the entrepreneurial opportunity process, in order to allow the argumentation for one chosen model, which shall be the basis for the following discussion on the frame of reference on the entrepreneurial opportunity process. As a next step, the frame of reference on the entrepreneurial internationalisation process shall be presented, so that the findings on the two processes of the entrepreneurial opportunity and the internationalisation process can be combined, and as a result an adapted model shall be presented.

Second, the methodology of the empirical part of the thesis shall be outlined, in order to argue for why the single case study of Management Events Oy is suitable for the research of the adapted model on the combination of the entrepreneurial opportunity and internationalisation process. In detail, the exact conduction of the empirical part of this thesis shall be presented, in order to ensure the validity of the findings of the empirical part. Following, the case study of Management Events Oy, including findings from personal interviews with the CEO and the founder, as well as personal observation and written documentation shall be discussed. These findings shall in detail show the entrepreneurial opportunity process of Management Events Oy, as well as the influence of the fast pace of internationalisation, leading to the specific challenges, benefits, and aspects that the firm and its management have to deal with.

Finally, the findings from the case study of Management Events Oy shall be applied to the adapted model that has been presented in the final part of the frame of reference, in order to come to first conclusions on whether the adaptation of the original model is justified and future research for its validation is needed, as well as to elaborate practical implications for the field of entrepreneurship and future research.

Consequently, the outline of this study shall be guided by the following underlying research questions:

1. How does the theoretical structure of the entrepreneurial opportunity process look like?
2. What are the specific characteristics of the entrepreneurial internationalisation process?
3. How is the entrepreneurial opportunity process of Management Events Oy affected by the accelerated internationalisation?
4. How does the entrepreneurial opportunity process change when influenced by a rapid internationalisation process of a firm?

#### **1.4 DEFINITIONS**

In the upcoming section a few definitions shall be presented in order to support a clear understanding of this thesis. The definitions have been chosen carefully from some of the most common and important authors in the entrepreneurship and in detail the entrepreneurial opportunity recognition and internationalisation process literature.

##### **Entrepreneurship**

Entrepreneurship is an activity that involves the discovery, creation and exploitation of opportunities aimed at the introduction of, e.g., new goods and services, new ways of organizing, or new processes (Arenius and De Clercq, 2005, p.250).

##### **Entrepreneurial Opportunity**

Entrepreneurial opportunities are those situations in which new goods, services, raw materials, and organizing methods can be introduced and sold at greater than their cost of production (Shane and Venkatamaran, 2000, p. 220).

##### **Internationalisation**

Firm internationalisation has been defined as the 'the process of adapting firms' operations (strategy, structure, resources, etc.) to international environments' (Evers, 2010, p. 393)

## **Born Global and International Entrepreneurship**

The born global phenomenon might be better described as “[...] the process of creatively discovering and exploiting opportunities that lie outside a firm's domestic market in the pursuit of competitive advantage”, or with regard to international entrepreneurship as “[...] the discovery, enactment, evaluation, and exploitation of opportunities - across borders - to create future goods and services” (Glowik and Götttert, 2009, p. 37).

### **1.5 LIMITATIONS**

In order to ensure the quality and appropriate focus of this thesis, the range of the theoretical, as well as empirical study shall be guided by the following limitations:

For the frame of referencethe research shall be analysed from a clearly neutral point of view towards any geographical or cultural differences. As well as there shall not be made any separation between developing and Western markets. Further, any distinction between diverse industries among the various existing body of research shall be excluded. Supplementary, there shall not be made any detailed conclusions regarding the differences between small and big enterprises, new and already existing enterprises, or early internationalising and late internationalising ventures. Results shall be presented on special researches, however, as mentioned the final conclusions shall not go into detail towards all these differences.

However, one factor that has to be considered and clearly stated is that the case study is conducted on a firm that is originated and located with the head quarters in Helsinki, Finland. Hence, certain cultural, geographical, as well as ethnical factors that are distinct for the country Finland, have to be considered as limiting factors when it comes to the final conclusions and practical implications of this thesis.

The qualitative study of the empirical part of this thesis shall be limited to the one case company Management Events Oy. There shall not be made any comparison to another firm, or another industry. Additionally there shall not be any comparison between the entrepreneurial opportunity process and the internationalisation process of Management Events Oy between different markets. Finally, the entrepreneurial



opportunity process shall be looked at from a unified point of view, meaning that there is not going to be made any differentiation among the different cultures of the markets that Management Events Oy is active in.

After introducing the reader to the topic of the entrepreneurial opportunity process and the entrepreneurial internationalisation process, as well as presenting the existing research gaps and problems, and finally discussing the goal of this thesis, in the upcoming chapter two, the frame of reference shall be elaborated.

## **2 FRAME OF REFERENCE**

### **2.1 MODELS OF THE ENTREPRENEURIAL OPPORTUNITY PROCESS**

In the upcoming first part of the frame of reference, the entrepreneurial opportunity models of Sarasvathy et al. (2003), as well as of Ardichvili et al. (2003) shall be exemplified, in order to allow a clear argumentation for the basis of the following frame of reference on the entrepreneurial opportunity process, so that any diffusion of diverse theories and terminologies can be circumvented.

On the one hand, Sarasvathy et al. (2003, p. 145) generally mention three types of opportunities. First, they distinguish between the opportunity recognition process and the opportunity discovery process: on the one hand, the opportunity recognition process takes place, when as well the supply and the demand exist relatively clearly, the opportunity to connect supply and demand is “recognized” by the entrepreneur, and as a result, the supply and demand have to be brought together through an already existing or a new enterprise. However, if only the supply or the demand exist, then an opportunity discovery takes place. As a result, the side that does not exist yet has to be “discovered”, in order that a fusion between supply and demand can take place.

For this type of process, the discovery of obtainable and hidden markets can be mentioned, as for example in detail, the exploration of a cure for a disease, where the demand, the disease already exists, but the supply, the cure, has to be discovered, or then also the development of new technologies, like the personal computer can be mentioned (Sarasvathy et al., 2003, p. 145).

Further, if neither the supply, nor the demand is known, the entrepreneur needs to create an opportunity. This presents a possibility to create new methods, as well as new outcomes. In this situation multiple economic inventions in marketing, financing, and so forth have to take place, in order that the opportunity starts to exist. This type of opportunity is in relation with the creation of new markets (Sarasvathy et al., 2003, pp. 145-146).

In fact, according to Kirzner (2009, p. 146) this correlates or maybe even originates from the original Schumpeter's pioneering work. According to Schumpeter qualities such as boldness, imaginativeness, as well as creativity lead to successful entrepreneurial decisions. An "Schumpeterian" entrepreneur is not passively operating in a given world but rather creates a distinctive world compared to the one that he or she lives in. This type of entrepreneur creates innovative, previously dreamt-of, products and services, as well as utterly innovative methods of production, and opens new markets that are newly discovered by the entrepreneur. By doing so, the entrepreneur thrusts an equilibrium market away from the equilibrium. This creativity unsettles a market, which would have been else a calm market.

Further, Sarasvathy (2001) discusses in one of his researches the concept of causation and effectuation in regards to the entrepreneurial opportunity recognition and development process. In detail, during the process of causation, a certain effect or outcome is known, and the focus is on the determination of ways to achieve this certain effect or outcome. On the other hand, during the process of effectuation, the diverse methods or resources are known but then the focus is on the selection of possible effects or outcomes that can be accomplished with the set of existing methods or resources. As a simple example the author presents the creation of a menu. If the chef knows the menu but has to find the ingredients and cook the meal, the process of causation takes place. However, if the chef first searches through the cupboards for existing ingredients, and then tries to figure out possible meals that can be cooked with the obtainable ingredients, the process of effectuation takes place.

Moreover, Sarasvathy et al. (2003, p. 157) argue that when looking at the operationalization of the three views, the creative view to be more general and prior to the view of discovery and recognition. This is explained by the fact that creative processes require the input of recognition and discovery, whereas the processes of recognition and discovery are possible exclusive of a big number of key aspects of creativity. In fact, it is implicated that entrepreneurial opportunities have to have been created through decision and actions of economic actors, prior to the possibility that someone can discover or recognize them.

Additionally, Sarasvathy (2001, p. 262) states in a further research paper that according to the general economics, the crucial agent is a “rational actor, upon whom a monolithic telos is usually imposed by the economist, whether it is utility or profit maximization at the micro level or welfare maximization at the level of the economy”. However, the author claims that the essential actor of entrepreneurship is an effectuator: “an imaginative actor who seizes contingent opportunities and exploits any and all means at hand to fulfil a plurality of current and future aspirations, many in which are shaped and created through the very process of economic decision making and are not given a priori.

So, when looking at the argumentation of Sarasvathy, it is clear that in his model it is assumed that an entrepreneur is actively looking for opportunities, as well as creating them. In fact, according to Sarasvathy opportunities have to be created in the first place by an entrepreneur, before further entrepreneurs or managers can “discover” or “recognize” and then develop them. However, opposing literature on the entrepreneurial opportunity process can be found, where opportunities are looked at from the point of view that they are readily existing and alert entrepreneurs “discover” or “recognize” them.

As for example Tang (2009, p. 461) states that overall, entrepreneurship encompasses the process of opportunity identification, evaluation, and exploitation. On the basis, there is an existence of scarce resources in the market, which show that there are opportunities that can be discovered. In fact, entrepreneurial opportunities are opportunities, which allow the entrepreneur to create new goods, services, raw materials, as well as new strategic methods that lead to the creation of profits that are higher than the costs of production. It is the entrepreneurs that possess a high degree of alertness, prior experiences, or then also start-up capital, who have the motivation to find and exploit these opportunities, which than help to eradicate errors, so that the economical equilibrium can be reconstructed.

Moreover, despite the fact that an opportunity for entrepreneurial profit might already exist, only if a person or in detail the entrepreneur recognize this opportunity and its value, the profit can be earned. Due to the fact that an asymmetry of beliefs is a precondition for the existence of entrepreneurial opportunities, not all opportunities

can be visible to all people at any time. At a certain point in time, only some individuals of the population will discover a certain opportunity (Shane and Venkatamaran, 2000, p. 221).

Casson and Wadeson (2007, p. 298) further define that the one that discovers an opportunity is the so-called entrepreneur. Entrepreneurs are individuals that “specialize in exercising judgement regarding investing scarce resources in projects”. Overall, entrepreneurship includes three major roles: the discovery of an opportunity, the attaining of supplies for a project, as well as the value that results as an outcome of the realisation of a project. There is the possibility at each of these three main stages that competition with other entrepreneurs emerges.

Following, this view of the entrepreneurial opportunity process, suggesting that entrepreneurial opportunities do actually exist and can be discovered through a high degree of entrepreneurial alertness, correlates with the point of view of Ardichvili et al. (2003). In their research the authors discuss the relationships and dimensions of the individual units of the entrepreneurial opportunity process. The authors refer to the relationships among the units of a certain theory as the theory’s law of interaction by Dubin, 1978. According to this theory the laws of interaction demonstrate the effects of a change in one or more units of the theory on the residual units.

According to Ardichvili et al. (2003, p. 106) entrepreneurs identify business opportunities in order to create and supply value for stakeholders in potential ventures. Further, it is stated that parts of the opportunity are “recognized”, whereas the opportunity as a whole is made and developed. The openness for market needs, as well as the capability to recognize suboptimal deployment for resources, is the basis for the start of an entrepreneur to develop a certain opportunity. The authors summarize five major factors that influence the core process of the opportunity recognition and development, which as a result leads to a business formation:

1. entrepreneurial alertness;
2. information asymmetry and prior knowledge;
3. social networks;
4. personality traits, including optimism and self-efficacy, and creativity; and
5. type of opportunity itself.

Following, according to these two models, it can be seen that the view on the entrepreneurial opportunity process is often very controversial, as on the one side models have been presented that argue for a pre-existence of opportunities, and on the other side models can be found that assume that opportunities are actively created by entrepreneurs. However, in this thesis it is agreed with the model of Ardichvili et al. (2003), which suggests that opportunities are there to be discovered by entrepreneurs that show a high degree of entrepreneurial alertness. As one supporting argument for this choice the one by Tang (2009, p. 461) is applied, which states that “overall, entrepreneurship encompasses the process of opportunity identification, evaluation, and exploitation. On the basis, there is an existence of scarce resources in the market, which show that there are opportunities that can be discovered”.

As a practical example the case of Facebook can be mentioned. First of all, the basic resource namely the Internet has been pre-existing to the foundation of Facebook, hence can be seen as an “under deployed” resource. Second, the basic need of people to communicate has been pre-existing as well. So, in fact, this shows the validity of Tang’s statement that scarce resources exist in the markets, which show that there are opportunities that can be discovered. Hence, the model of Ardichvili et al. (2003) is chosen for the frame of reference on the entrepreneurial opportunity process, as it presents a clear and realistic picture of the whole opportunity process, considering the diverse influencing aspects, as well as the core process of the opportunity itself.

Finally, it is hereby agreed with the statement of Ardichvili et al. (2003, pp. 109-110), namely “what most literature in entrepreneurship calls “opportunity recognition” appears to include three distinct processes: (1) sensing or perceiving market needs and/or underemployed resources, (2) recognizing or discovering a “fit” between particular market needs and specified resources, and (3) creating a new “fit” between heretofore separate needs and resources in the form of a business concept. These processes represent, respectively, perception, discovery, and creation — not simply “recognition”. Further, as the two terms of recognition and discovery also appear to be often used in other literature as synonyms, also in this thesis it is chosen to apply the same usage of these two terms, in order to avoid any diffusion along the frame of reference and diverse statements from literature.

## 2.2 ENTREPRENEURIAL OPPORTUNITY PROCESS BY ARDICHVILI ET AL. (2003)

After exemplifying the diverse models of the entrepreneurial opportunity process, as well as clarifying the choice of the underlying model and terms for the first part of the frame of reference, as a next step, the chosen model by Ardichvili et al. (2003), as presented in figure two, shall be analysed more in detail.

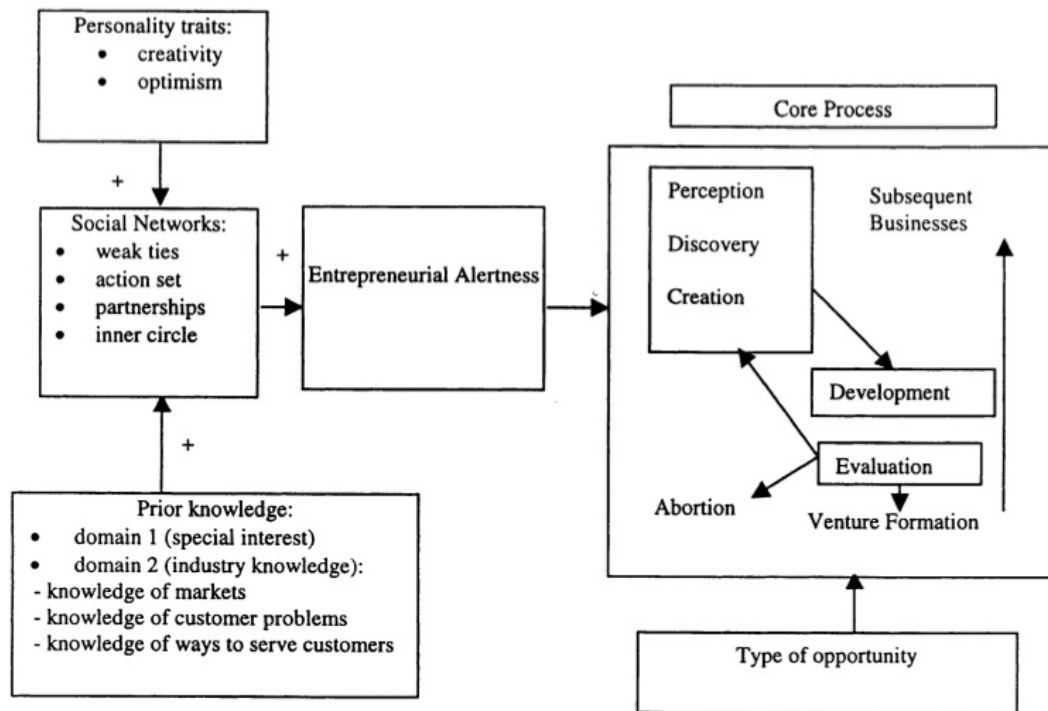


Figure 2: Entrepreneurial Opportunity Process Model (Ardichvili et al., 2003, p. 118)

The core process, which can be seen in the figure two as the process of perception, discovery, creation, development and evaluation of the entrepreneurial opportunity, starts when the entrepreneur has a very high degree of entrepreneurial alertness. Diverse factors have a direct influence on the level of entrepreneurial alertness, such as special personality traits, prior knowledge and experience, as well as social networks of the entrepreneur. Important factors of the personality traits are the creativity and the optimism of an entrepreneur. Further, also the different domains of prior knowledge, as the special interests and industry knowledge of the entrepreneur, as do the social networks in terms of partnerships, friendships, actions sets, etc. have a direct influence on the entrepreneurial alertness. The type of opportunity has a significant position in modelling this “core process” (Ardichvili et al., 2003, p. 118).

One very important basis of the model of Ardichvili et al. (2003, p. 114-115) is the conclusion regarding the discussion of accidental discovery versus systematic search of opportunities. Although in the beginning of entrepreneurship research, it was stated that the opportunity recognition is followed by an active search for available opportunities, the authors conclude, based on diverse findings from literature that most of the ventures are founded due to the recognition instead of an active search for the opportunity, that “accidental” discovery is an outcome of a high level of entrepreneurial alertness, during the entrepreneurial process of “passive search”. As entrepreneurial alertness is assumed to be a more powerful determinant of discovery than the level of activeness of search, entrepreneurial alertness instead of search is included in the model.

However, the individual influencing factors and units of the entrepreneurial opportunity process shall be discussed in the upcoming paragraphs. In detail, the analysis shall be started with the exemplification of the influencing factors, such as the personality traits, social networks and prior knowledge of an entrepreneur, as well as the type of opportunity, followed by the analysis of the units of the opportunity process, the perception, discovery, creation and evaluation and development.

### **2.2.1 INFLUENCING FACTORS OF THE OPPORTUNITY PROCESS**

#### *Personality Traits*

Largely findings from literature show that there are no significant “entrepreneurial” traits that would be clearly different from general personal traits among other groups such as managers or the general society. However, according to Ardichvili et al. (2003, p. 116) two personality traits have been proven to be positively related to a successful opportunity discovery process, namely the level of optimism and creativity of an entrepreneur.

In detail, when looking at the motivational level of entrepreneurs, Krueger and Brazeal (1994, p. 94) present findings stating that self efficacy has a direct connection to the initiation and determination of behaviour under high uncertainty, as well as to the definition of higher goals and the reduction of threat-rigidity and learned helplessness. In regards to entrepreneurship, self-efficacy forecasts opportunity



recognition. An individual is able to learn self-efficacy from the actual control over behaviour. Self-efficacy is enhanced by believable information about the behaviour, as well as the emotional backing for the enactment of the behaviour.

Moreover, intrinsic motivation is highly important for directing the passion and interest of creative individuals. The people that are intrinsically motivated generally show behaviour that is very strongly focused on the actual activity, because they are liberated from extraneous concerns in regards to the goals, which are extrinsic to the activity itself. It can be assumed that this is the case for an entrepreneur, as results from research show that there is a clear link between creativity, entrepreneurship and innovation (Fillis and Rentschler, 2010, p. 64).

Besides, Kirzner (2009) discusses in his paper also the aspect of entrepreneurial alertness that influences the entrepreneurial opportunity recognition process. Originally, in his earlier work the author sees the entrepreneur not as disturbing any market equilibrium (on the contrary to Schumpeter's thesis), but as "driving the process of equilibrium". According to this thesis, the entrepreneur did not need to be creative but he or she had to be alert to price differentials or changes that existed already but, which had not been recognized by other individuals before. As a result, the central role of successful entrepreneurship according to Kirzner was not creativity but alertness.

However, the author acknowledges that the Schumpeterian creativity is the key factor of the economic progress. Alertness is defined as the sense to perceive what has previously not been noticed to exist at all, and not as efficiency of choice within an already perceived given framework. It is stimulated by the possibility of future entrepreneurial profit. Finally, the author states that creativity is much more than alertness. However, the creativity, which leads to successful entrepreneurial behaviour, is also the creativity that has a positive influence on the entrepreneurial alertness. In fact alertness to changes in the environment, new technological potentials, as well as potential future demands (Kirzner, 2009).

However, Casson and Wadeson (2007, p. 298) criticize this emphasizing of imagination and creativity of writers in the field of entrepreneurship. As this implies that the field of entrepreneurial undertaking cannot be represented clearly, it is difficult for one entrepreneur to position him- or herself compared to other entrepreneurs. So, the authors claim that opportunities are part of untouched projects in a clearly outlined set of potential projects. Hence, this set of projects can be clearly defined regarding the diverse characteristics, as for example the type of yield, the places of real estates, the kind of tasks required, etc. As a result, it can be assumed that also the entrepreneur clearly knows the classification, as they are absolutely able to define the sub-field in which he or she aims to be active in.

Nevertheless, Tang (2009, pp. 469-470) states that four dimensions of social skills have a positive influence on the performance of an entrepreneur: first, social perception, the ability, to recognize the motives, intentions, and emotions of other individuals, second, social adaptability, the skill to adapt to a numerous amount of social situations, third, persuasiveness, the power to alter the views of other people while speaking face-to-face, and finally, impression management, namely diverse techniques to initiate positive responses in other individuals. Especially for entrepreneurs, these kind of skills are highly important, as their work includes a high amount of social interactions, such as raising capital, motivating employees, convince diverse stakeholders, etc. Particularly for the process of the opportunity recognition, social skills are crucial, as social interactions are many times the source of new opportunities.

Finally, when comparing professional CEOs to entrepreneurial CEOs, Ahmad (2010, pp. 208-209) has presented findings showing that entrepreneurial CEOs have a higher need for achievement, a higher locus of control, are more willing to take risk, and are more tolerant towards ambiguity. This means that entrepreneurial CEOs are more likely to be motivated by the need for achievement, as well as they are more willing to take stress, risk, and pressure due to their personality traits and leadership styles.

### *Social Network*

Ardichvili et al. (2003, p. 115) present diverse findings from literature, as for example the studies by Granovetter (1973), Hills et al. (1997), or De Koning (1999), which all state that the networks of entrepreneurs do have a strong influence on the success of the entrepreneurial opportunity recognition process. In the upcoming paragraphs further findings from literature on the influence of social networks shall be discussed.

First of all, according to the social capital theory, in order to being able to survive and function, it is decisive for individuals to be able to excerpt benefits from their social structures, networks and memberships. In definition, social capital includes the sum of the actual and potential resources, which are rooted in the relationships of persons, groups, networks, or societies (Tang, 2009, p. 466).

The most important role of an entrepreneur is to be alert to opportunities and develop them into a successful business. This includes the recognition or knowledge of things that other individuals do not possess. Nevertheless, no individual has perfect information that can be used immediately for making rational choices and decisions. Hence, the social network of an entrepreneur can help to overcome the rational boundaries by letting the entrepreneur gain access to knowledge that he or she does not possess (Singh et al., 1999, p.1).

Moreover, in their study on the network based approach, Arenius and De Clercq(2005) analysed why and how some individuals have a bigger tendency to recognize opportunities than others. The focus of the study was on the belonging of individuals to specific residential areas, which are more or less probable to be portrayed by network cohesion, as well as the diverse possibilities of people for the access to networks based on the human capital they hold. The results regarding the effect of human capital shall be presented under the upcoming section “prior knowledge”.

Regarding the effect of network ties, findings show that when it comes to the network cohesion, for individuals that are living in big agglomeration areas the likelihood to perceive opportunities is higher, than for individuals, which are living in rural and to a smaller level urban areas. This shows that people that are living in big cities have

more possibilities to access information from indirect network ties, as well as there is a higher number of organisations from which individuals can gain information and knowledge, such as universities and other knowledge facilities and service providers (Arenius and De Clercq (2005).

Subsequently, Granovetter (1973, pp. 1377-1378) confirms these findings by stating that within weak ties the probability of linking members of different groups is bigger than for strong ties, where there is a higher tendency of a focus within specific groups. Generally, the author claims that the personal experience of people is tightly connected with significant facets of social structure, elsewhere than the area or control of certain individuals. In detail, although weak ties have been often claimed to be creating dissension, the author claims that these weak ties are crucial for the opportunities of individuals, as well as their incorporation into groups. On the other hand strong ties, which are breeding local cohesion lead to general fragmentation.

Nevertheless, findings from research show that entrepreneurs have a bigger tendency to use informal networks, like for example the family, friends, and businessmen, than they use formal network contacts, as bankers, accountants, and lawyers in order to acquire information. Generally, entrepreneurs that use network sources in order to find entrepreneurial opportunities have been named “network entrepreneurs”, whereas individuals who develop venture ideas on their own, are called “solo entrepreneurs”. According to statistics, network entrepreneurs recognize clearly more opportunities than solo entrepreneurs do (Tang, 2009, p. 468).

Additionally, Tang (2009, pp. 468-469) states that relational capital has besides the structural capital a high influence on the ability of an entrepreneur to discover opportunities. Relational capital means the personal relationships between individuals, which have been matured through a history of interactions. In comparison to the structural capital, which is about the network ties that enable an exchange of information and advice, the relational capital is about the specific relationships that individuals have, as for example respect, trust, emotional support, and psychological release. Especially in situations of institutional problems in the external environment or other challenges, a high level of relation capital supports the exchange of information and opportunity recognition.

The underlying reason is that if there is a high degree of relational capital, people have a lower tendency to act opportunistically, as relational capital includes trust, obligation, generosity, fairness, etc. Entrepreneurs are able to recognize and predict the behaviour and actions of others after cooperating for a certain time. Research shows that a high level of relational capital leads to a more efficient exchange of information due to a higher degree of trust and friendliness among the actors, as well as it increases the legitimacy of new ventures, eases the access to information, and as a result improves the opportunity recognition process (Tang, 2009, pp. 468-469).

However, Ma and Huang (2008, p. 4) claim in their work, that the relationship between social networks and the entrepreneurial opportunity recognition process differs between individualistic and collectivistic cultures. On the one hand, in individualistic cultures, the focus on oneself decreases the degree of attention that is given to other individuals. On the other hand, in collectivistic cultures, people pay more attention to other group members and social life. Generally in-group members are preferred before out-group members. As a result, these differences between individualistic and collectivistic cultures lead to distinctions of results when entrepreneurs use their social networks at the point of attempting to discover opportunities. Conclusively, for example in an individualistic culture, as in the USA, family members and close friends are not the main sources for opportunity related information, whereas in a collectivistic cultures strong ties do support the entrepreneurial opportunity recognition, as the credibility of information from weak ties is much lower. This shows that entrepreneurs have to trust diverse network ties in different cultures, in order to successfully discover entrepreneurial opportunities.

In detail, the study by Phan et al. (2010, pp. 183-184) discusses the role of creativity, innovation, and entrepreneurship on the Chinese market. On the contrary to the Western markets where social ties play a very important role for the success of entrepreneurial activities, in China it is the concept of *guanxi*, which is “a network of social obligations”. This network enables economic exchange without complex agreements or even shared trust, meaning that two strangers can have *guanxi*, if there is a third party that is connected to both individuals and mediates the relationship. Results of the study show that the need or influence of *guanxi* is depending on the type of industry, in detail the importance of knowledge in the industry, meaning that

in knowledge intensive industries, guanxi with government officials is not necessary, as the key resource in knowledge intensive industries is human capital, over which the government has less control, than over for example financial, location, or physical capital. However, altogether findings show that especially in countries, where there are lower chances to enforce economic exchange with legal contracts, social interaction is of a very high importance.

### *Prior Knowledge*

Frist of all, Ardichvili et al. (2003, p. 114) discuss three major findings regarding the influence of prior knowledge on the entrepreneurial opportunity process. Generally, as not all individuals possess the same information at the same time, any given entrepreneurial opportunity is not visible to all potential entrepreneurs. Further, it is the prior knowledge (of markets, ways to serve markets, and customer problems) of a person, which creates a “knowledge corridor” that has a direct influence on the potential to recognize an opportunity. Finally, the combination of knowledge that has been gathered due to a special interest in an area and the knowledge that comes from a certain industry, result in the discovery of an opportunity. These findings shall be further analysed by an additional frame of reference on prior knowledge.

Overall, knowledge has been explained, as a grouping of information and physical and human capital that presents certain opportunities for individuals that already possess knowledge and other assets. The presence of already existing knowledge is stated to have a positive influence on the absorptive capacity of a person, by allowing the integration of new information into the prior schema and further the ability to make interpretations in terms of future stimuli (Townsend and Harkins, 2005, p. 3).

In fact, according to the human capital theory, knowledge leads for individuals to a growth of cognitive abilities, which then increases the productive and efficient potential activity. Following, it can be assumed that individuals with a higher quality of human capital are supposed to be better at recognizing opportunities. Generally, human capital includes education, experience, as well as skills, which help to increase the knowledge base. When the human capital theory was applied to entrepreneurship research, results were showing that the human capital of entrepreneurs is positively related to the foundation of new business (Tang, 2009, p 464).

Likewise, Arenius and De Clercq (2005, pp. 261-262) state in their research that there is a positive relationship between the educational level of an entrepreneur and the chance to perceive opportunities. The explanation lies in several factors that come from a higher degree of education, such as for example an increased exposure to “knowledgeable others” via networks, like alumni organizations, generally a bigger knowledge base and as a result a bigger opportunity to connect knowledge to prospective entrepreneurial opportunities, and last but not least a higher degree of self-confidence to trust in the ability to develop successfully new ideas and create a new enterprise. But besides the knowledge from education, results also show that from the work environment, namely professional contacts, as well as from private contacts may positively influence the creation of knowledge and as a result lead to higher chances of a successful opportunity recognition process.

Moreover, when it comes to the information from professional networks, Shane and Venktamaran (2000, p. 223) state that individuals are more likely to pursue an opportunity if they have developed proper information for their entrepreneurial activities from their prior employments, as this kind of information reduces the cost of the exploitation of the opportunity. This is as well confirmed by the research conducted by Shane (2000, p. 459), showing that the entrepreneur’s prior knowledge has a direct influence on the selection of the market, the way to serve the market, as well as the solution to the customer problems. In correlation with other previous research, the author further claims that the source of the prior knowledge is idiosyncratic, stemming from work experience, personal events, and education. Additionally it is stated that the prior knowledge of an entrepreneur can be improved by diverse roles, such as the experience as a supplier, user, and manufacturer, as well as education on diverse levels, as for example production processes, inputs, as well as the needs of customers.

Explicitly, it is the prior industry experience and the start-up experience that have been declared to be positively related to entrepreneurial activity. In detail, individuals that have been able to gain industry experience, know better how to meet the needs of the market, and as a result are able to recognize opportunities and to evaluate risk more successfully than persons that are new to a certain industry. Though some information and abilities are required for recognizing an opportunity, a big amount of

the essential knowledge can be merely absorbed by doing. Additionally, in situations where the level of uncertainty and time pressure are high, the possession of prior start-up experience provides tacit knowledge, which helps to make successful decisions about entrepreneurial opportunities. Tacit knowledge supports the entrepreneur to use prior experience in a positive way and to evaluate new information exclusive of the destruction by turbulences in the external environment (Tang, 2009, p. 466).

All these findings regarding the influence of prior market knowledge are confirmed by the study conducted by Sundararajan (2010. pp. 317-318), who studied physiological emotions during the entrepreneurial decision making process. First findings show that the heart rate has no impact on the decision to cultivate an idea. However, results from changes in the blood pressure indicate that if individuals possess prior knowledge on a technology, the likelihood that they decide to develop an idea is higher, when they feel excited about the outcome. In the case that a person has no prior knowledge and he or she feels fear and as a result the blood pressure increases, the chances that he or she decides to develop the idea are very low.

However, one of the most important findings is regarding the case that when an entrepreneur decides to develop an idea, although he or she does only possess a low amount of prior knowledge. There is the possibility that nascent entrepreneurs and individuals wrongly interpret their emotional responses and decide to develop an idea, although they do not have the necessary prior knowledge. On the contrary, when an entrepreneur decides not to develop an idea, although he or she does possess the prior knowledge, shows that he or she is able to read the emotional reactions well and is able to see the risk (Sundararajan, 2010. pp. 317-318).

Though, individuals differ very heavily when it comes to their abilities to collect, recognize, as well as use the abstract, implicit, and changing information in an efficient way. Especially, if there is an institutional change or a high degree of uncertainty, only some individuals have the knowledge of the market circumstances, methods to create certain products and services, etc. Conclusively, the idiosyncratic prior knowledge and the work experience of every single person support the recognition of market gaps and allow the evaluation of the market potential of a novel opportunity (Tang, 2009, p. 464).



### *Type of Opportunity*

Ardichvili et al. (2003, pp. 116-117) assume that the process of the opportunity development might differ depending on the type of opportunity. In detail four distinct types have been defined. In the presented matrix, which is based on the literature on creativity, the opportunities are distinguished based on whether the market need or value thought is identified or not, as well as whether the value creation capability is defined or undefined. The value creation capability contains general specifications of intellectual, human, financial and physical resources. In short, value thought stands for problems, whereas value creation capability embodies solutions.

The first type of opportunity is called “Dreams”, where both, the problem and the solution are unknown, as for example during the phase of inventions or the tremendous development of technologies. The second type, the “problem solving” type of opportunity occurs, when the problem is known, but the solution is still unknown, as for example when it is the goal to develop a certain product or services, in order to solve an existing market need. Following, the third type, the “technology transfer”, arises in the case of the existence of solutions but not yet known problems, in which case the opportunity development underlines more the search for applications, than the product or service development. Finally, the fourth type of opportunity development is associated with the “business formation”. Here the problems and resources are known and available and are matched, in order to achieve a business formation, so that value can be created (Ardichvili et al., 2003, p. 117).

According to Ardichvili et al. (2003, p. 117) it is assumed that in situations where the problem and the solution are known, the business formation is more successful, than in cases where either problem and solution are known or both are unknown.

## **2.2.2 UNITS OF THE OPPORTUNITY PROCESS**

### *Perception*

Mitchell et al. (2005, pp. 667, 671) present in their research a working definition of entrepreneurial intuition. The authors build the definition based upon boundaries of already pre-existing proposals of definitions, namely as “the dynamic process by which entrepreneurial alertness cognitions interact with the domain competence (e.g., culture, industry, specific circumstances, technology, etc.) to bring to consciousness an opportunity to create new value”. It is also further suggested that entrepreneurial intuition should not be viewed as a binary phenomenon, meaning that one individual has entrepreneurial intuition, whereas another individual does not possess it. However, it should be recognized that all people have different levels of entrepreneurial intuition and that the level of entrepreneurial intuition can be trained through certain methods, such as for example for improving the awareness for changes in the macroeconomic environment.

Following, Ardichvili et al. (2003, p. 110) confirm these findings by claiming that the reason why some opportunities are recognized by certain individuals and not others is that there are differences in regards to the sensitivity of individuals towards opportunities for the establishment and development of new value. People have different abilities and knowledge of certain areas that would allow them to recognize a certain opportunity, because they are influenced by their environment and previous experience and knowledge, or then simply also due to a certain amount of knowledge that they possess on a certain opportunity. Finally, one more factor that is mentioned by the authors is the diverse genetic factors of individuals.

Furthermore, Shane et al. (2010, p. 297) also confirm this statement. The authors researched the influence of genetic factors on the entrepreneurial opportunity recognition process. Findings show that genetic factors are responsible for a very high degree of the variance in opportunity recognition, by having a direct influence on the likelihood that individuals are open towards experiences. There is a direct relationship between the openness to experience and opportunity recognition. Overall, genetic factors account for 62 per cent of the complete correlation between openness to experience and opportunity recognition.

However, the belief in the value of an opportunity also plays an important role. Once an entrepreneur has gained market insight from the external environment, there is the need to evaluate the observed viability and desirability of a certain opportunity. The perceived desirability also represents a cognitive threshold for individuals. It is necessary that an entrepreneur, with a possible opportunity, can feel the possibility of being able to get over the threshold for reaching the target prior to moving forward. It is assumed that once an entrepreneur evaluates a market insight on the basis of the perception of the feasibility and personal desirability, the opportunity is recognized (Townsend and Harkins, 2005, p. 4).

More in detail, when looking at the perceived venture desirability, the intrinsic reward is a very significant factor. As for example one issue is the type of a venture. For example some entrepreneurs might prefer a high growth venture versus a low-growth venture, while others prefer a new venture before taking-over an established venture, etc. Another important issue regarding the perceived venture desirability are the social norms that surround an entrepreneur. The influence of social norms might come from the private environment and the culture of an entrepreneur, or as well then from the corporate environment, such as from the top management (Krueger and Brazeal, 1994, pp. 96-97).

### *Discovery*

For their own model, Ardichvili et al. (2003, p. 110) define the opportunity discovery as the following: “Perception of a “fit” between market needs and resources presupposes that the needs and resources were already matched, as might be the case with an underperforming business. Perception of an existing “match” of market needs and resources represents discovery of the type that might follow the exploration of a particular geographic area or product- market space”.

Further, Townsend and Harkins (2005, p. 5) define the opportunity recognition as the “decision result of a process wherein a market insight is evaluated based upon its perceived feasibility and perceived desirability”. Casson and Wadeson (2007, p. 298) further outline: “a discovery involves screening a sample of potential projects from a selected sub-field of the project possibility set. An opportunity is discovered when a project meets the criteria established by the individual for a potentially successful

project”. The authors further claim that it is more useful to use the concept of a “project set” instead of the better-known conception of an “opportunity set” when modeling entrepreneurship. As an explanation it is specified that while notion of an opportunity has an intuitive appeal, most schemes regarding opportunities can be presented more thoroughly as proposition about projects in its place.

Further, literature shows that the entrepreneurial opportunity recognition process is a cognitive process, and in detail the pattern recognition was shown to have a direct influence on the opportunity recognition process. “The pattern recognition involves taking in outside information matching with the existing information in the memory and identifying the data category the information belongs to”. Additionally, literature suggests that there is a direct correlation between the determinants of Porter’s diamond model (factor (input) conditions, home demand conditions, related and supporting industries and industry strategy structure and competitiveness) and the opportunity recognition process. It is implied that the more an entrepreneur participates in any of the elements of Porter’s Diamond model, the more the pattern recognition will be stirred. Information that results from any of these determinants, prepares the mindset of an entrepreneur to be more alert to opportunities. Conclusively, there is a higher possibility that informed entrepreneurs recognize opportunities, in which Porter’s determinants are “optimal” (Ozgen, 2011, pp. 64-71).

Furthermore, Baron (2006, pp. 112-113) discusses in his paper the role of pattern recognition in the opportunity recognition process and the inter-relationships of the key elements that influence the opportunity recognition process, namely the active search for opportunities, alertness to opportunities, as well as prior knowledge. The author uses the cognitive process of pattern recognition to explain how and why these key elements are interrelated. For example if the degree of alertness of an entrepreneur is very high, it can be assumed that active search for opportunities might not be necessary, the same way as when the entrepreneur possesses high level of prior knowledge. This is due to the fact that, if a high level of alertness is existing, it is suggested that well-developed cognitive frameworks are existing as well that are helpful for observing significant patterns among different happenings and developments. As a result a high level of alertness is not required. Following, it can be also assumed that if a high amount of prior knowledge subsists, highly efficient

cognitive frameworks are developed that make a high level of alertness needless. Additionally, not all patterns that are recognized are used as the basis for new-business formation. Only if the perceived patterns suggest the outcome of a feasible product or service, the entrepreneur decides to further develop the opportunity.

Moreover, findings show that there is a difference in the pattern recognition process between novel and experienced entrepreneurs. In detail, the cognitive frameworks (prototypes), which are applied by novel and experienced entrepreneurs in order to being able to identify business opportunities, are very different, especially in regards to clarity, richness in content, as well as focus on factors or conditions. Generally, experienced entrepreneurs are more focused on issues and processes that are of an interest for the stakeholders of the new venture, which shows that the previous experience, which they have with starting-up new ventures supports the success of their new firm. On the other hand novice entrepreneurs have a tendency to underline newness, novelty, and intuition when deciding on new products and services. These findings show that the cognitive framework that entrepreneurs use when developing new ideas, does increase with more experience, as the pattern recognition process suggests (Baron and Ensley, 2006, pp. 1340-1341).

Furthermore, Brockmann (2011, p. 46) discusses in his paper the influence of the tacit knowledge of an entrepreneur on the decision process regarding the further development of entrepreneurial opportunities. Generally, tacit knowledge is challenging to explain, capture, access and apply. As a result, individuals rather apply their explicit knowledge, as it is easier to apply, and conclusively the tacit knowledge is underutilized. Tacit knowledge can be gained through work experience, it concerns the "how" to do something more than "what" to do. Its nature is an intellectual and cognitive process, which is not openly expressed but simply understood by the individuals who possess it. Generally it is a procedural process and gained by an individual without direct commands, although it can be learned via training. Following, due to the fact that there is a positive relationship between the tacit knowledge of an individual and the decision quality, the author suggests that entrepreneurs that have a higher ability in exploiting their tacit knowledge are better in identifying opportunities and make consequently successful decisions.

Additionally, Gregoire et al.(2010, pp. 423- 424) have researched the opportunity recognition process in detail for a new technology of several executives. In their research article the authors present findings, which show that during the attempt to recognize an opportunity for new technologies, individuals consider two types of structural relationships: first, the first-order relationship that is concentrated on the functional operation of technologies and the markets, and second the high-order relationship, which is focused on the causal dynamics that emphasize the necessities and challenges of individuals in a certain market. Additionally results show that time constraints and prior experiences have a direct influence on the success or failure of the opportunity recognition process.

### *Creation*

The entrepreneur needs to perceive the needs as well as the resources, in order to being able to create a business concept, which fits the market needs to the resources. With the action of a business creation resources need to be redirected and recombined, so that value can be created and delivered that is grander to the one presently obtainable. It might even go much further than just the adjustment or current matches or resources and needs. A business concept creation in some cases might even lead to a dramatic restructuring of a current business or a “radical innovation” (Ardichvili et al., 2003, p. 111).

### *Evaluation and Development*

According to Ardichvili et al. (2003, pp. 112-113) the entrepreneurial opportunity development process is divided into multiple stages. The more time and resources have been invested into the development process, the more formal the evaluations will be. The diverse stages can be seen in detail in the figure three, which shows that after the first stage, when there is the basic existence of market needs and un-/underemployed resources and a first informal evaluation has been conducted by the entrepreneur, the second stage, the stage where a more formal evaluation, as for example a feasibility study proofs that the combination of existing resources can deliver value, as well as for stakeholders that there is a business concept existing. In the case that no business concept exists at that point yet, a feasibility study of the market, resources and needs can show that the business concept is feasible and can be developed further.

The authors mention the "stage-gate" procedure as common evaluation procedure, which calls for an evaluation of the entrepreneurial opportunity at every gate of the development process. Often opportunities have to be redefined or even dismissed, if they do not pass the "test" (Ardichvili et al., 2003, p. 113).

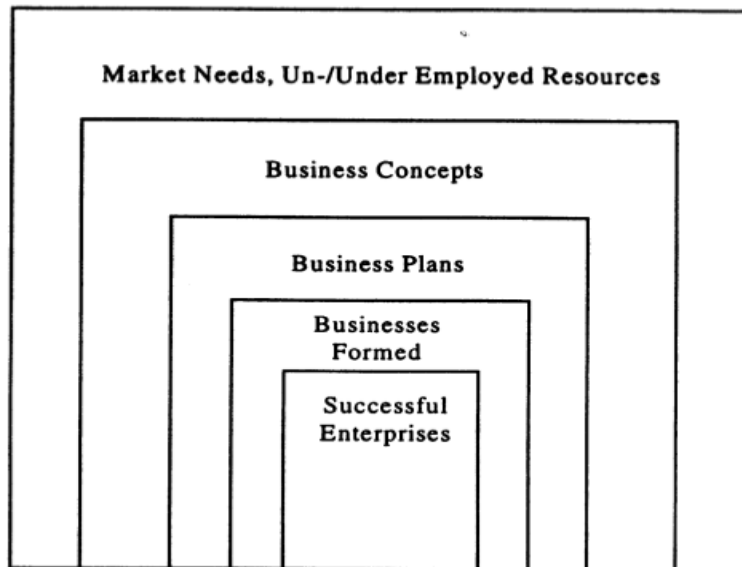


Figure 3: Opportunity Development Process (Ardichvili et al., 2003, p. 112)

However, not all entrepreneurs exploit an opportunity with the equal anticipated value. When deciding of whether and to what degree to exploit an opportunity, the entrepreneur needs to weight the value of the opportunity against the costs that appear by using an opportunity (Shane and Venkatamaran, 2000, p.223).

In fact, Casson and Wadeson (2007, p. 299) declare that entrepreneurs apply a sequential approach when collecting information, in order to economise this information. It is stated that a rational entrepreneur will commit to a project in advance to a detailed evaluation, in order to use the efficiency of investing into a project at an early point of time, and then develop it further at a later point, when first outcomes can be experienced. Nevertheless, the first entrepreneur that started with the project might not be the best individual to discover further opportunities to further develop the project. As a fact, other entrepreneurs maybe have better abilities to discover matches between other projects, as well as the recognize challenges that appear from the original project.

Furthermore, one major factor of the firm, namely the marketing and in detail the market orientation of a firm can have an influence on the opportunity development process and vice versa. If in reality, innovations would always satisfy the entrepreneurial opportunity to a full degree, the need for marketing activities, besides the creation of awareness, would be negligible. However, as this is mostly not the case, the combination of marketing and the entrepreneurial opportunity development process can lead to great improvements in regards to efficiency and effectiveness of new products and services of a firm (Webb et al., 2011, pp. 544-545).

This is because customer needs and expectations are unique, which means that increased market orientation and customer knowledge have a positive influence on the opportunity development process. Marketing activities stand for a set of resources that support the capability of the enterprise to develop opportunities and assure customer needs. On the other hand, marketing actions might be also in the focal point of the firm entrepreneurship. By recognizing and developing opportunities, companies can achieve higher efficiency and effectiveness in serving customer needs by innovating diverse marketing processes (Webb et al., 2011, pp. 544-545).

Conclusively, after analysing the opportunity model of Ardichvili et al. (2003), as well as discussing an additional frame of reference, it can be concluded at this point that the model by Ardichvili et al. (2003) can be confirmed. The frame of reference clearly shows that the prior knowledge, the networking ties, as well as the social capabilities of an entrepreneur influence the level of entrepreneurial alertness. Moreover, the level of entrepreneurial alertness is – according to the up to this stage reviewed frame of reference – proven to have a direct influence on the perception, discovery and creation of business concepts, as well as their evaluation and development.

Following, in the upcoming part of the frame of reference, the characteristics and aspects of the entrepreneurial internationalisation process, as well as the effects on the development of the entrepreneurial venture shall be elaborated.



## **2.3 ENTREPRENEURIAL INTERNATIONALISATION PROCESS**

In the upcoming chapter, the entrepreneurial internationalisation process shall be discussed. In detail, it shall be started with a review of the frame of reference on the role of the entrepreneur during the internationalisation process of the firm. As a second part, the entrepreneurial internationalisation process itself shall be discussed, including different aspects and challenges, as well as the influence of networks, knowledge and innovation on the internationalisation process.

### **2.3.1 ROLE OF THE ENTREPRENEUR**

The perceived level of risk by the entrepreneur directly influences the commitment of a venture towards its internationalisation strategies. On the other hand, the risk perception is dependent on the intellectual characteristics of the entrepreneur, as well as the assets that are obtainable for the process of internationalisation. Further, at the individual level, it is the proactive personality and the international orientation of the entrepreneur, which influence the innovative behaviour that is linked with international growth of SMEs, as well as at the firm level, the venture profile has a significant influence on the internationalisation process in regards to risk perception (Acedo and Florin, 2006, pp. 61-62).

Moreover, Oviatt and McDougall (2005, pp. 542-543) define the entrepreneur as the “mediating” force in the entrepreneurial internationalisation process. Whereas the technology is seen as the enabling force, as well as the level or presence of competition is seen as the motivating force for internationalisation, it is the individual, the entrepreneur that exploits the opportunity, hence is central to the internationalisation activities. Psychological traits (e.g. risk-taking propensity) and the personal characteristics (e.g. years of international business experience) have a direct influence on the ability of the entrepreneur to perceive and interpret the opportunity, the potential of communication, transportation, and computer technology to enable internationalisation, as well as the level of competition. Following, once the entrepreneur has discovered the opportunity to internationalise, it is the moderating forces, namely the knowledge intensity and the know-how that the entrepreneur already possesses, as well as the characteristics of the international network of the entrepreneur that have a positive influence on the speed of internationalisation.

It is the entrepreneur's task, contingent also on the individual abilities, the level of innovation, as well as the disposition towards risk, to coordinate all the internal resources within the firm, namely physical, capital, organisational, and human capital, according to the need to adapt to the conditions of the market the firm is active in, in order to sustain competitive advantage. The strategies and activities of the entrepreneur have a direct influence on the international behaviour and the financial and non-financial results of the enterprise (Nițu-Antonie and Feder, 2009, p. 214).

Abdul-Aziz and Wong (2009, p. 59) further support this statement by concluding that the entrepreneur is the key driver of the internationalisation of the firm, by deciding when, how and where to internationalise, as well as by perceiving the crucial host market influences. But also the personal characteristics of the entrepreneur are mentioned once more of having a significant influence.

In detail, Butler, et al. (2010, p. 131), claim in their research that the influence of uncertainty on the opportunity recognition process and the international entrepreneurial activities are directly influenced by diverse roles of uncertainty. Hence, it is of a very high importance that the entrepreneur is able to absorb uncertainty, in order to being able to even search for opportunities. This means that the individual characteristic of an entrepreneur of the ability to bear uncertainty is positively related to the entrepreneurial context and in the context of internationalisation, on the decision or ability to start an international business or activities. Following, in the situation of an internationalisation process, the level of uncertainty will be even higher. Hence the entrepreneur that is able to handle a high degree of uncertainty is going to be more successful in the international opportunity recognition and exploitation process.

However, as the personal characteristics of an entrepreneur, such as the positive attitude towards internationalisation, the believe to be able to exist in a foreign market, as well as the first positive experience in international business activities, have a very strong influence on the level of commitment of a firm towards internationalisation, one way to overcome these obstacles, is to delegate the responsibility of the internationalisation process to other management team members, in order to being able to successfully exploit international opportunities. When putting

together the management team of a firm, it should be taken care of the international experience of the team members, the average age, as well as the international diversification, in order to achieve a positive influence on a successful international opportunity process and international activities (Sommer, 2010, pp. 312-313).

But back to the individual characteristics of the entrepreneur, Schulz et al. (2009, p. 8) claim that the individual abilities of the entrepreneur to network and to develop a venture internationally are also depending on the earlier experience of the entrepreneur. Whereas the traditional leader is defined by his or her local relationships and lacking of international network ties, the founder of a born global already possesses well formed ties in international networks, as well as the intercultural knowledge. Though, these gaps of knowledge and international capabilities do diminish with experience also for traditional entrepreneurs, unless they already fail beforehand due to existence-threatening traps or negative forces of external dynamics. Anyways, the dynamic development of international markets can also lead back to a focus on local markets of firms, leading to a further improvement of local networks and resources, and finally to a wider range of newly acquired capabilities.

Finally, Evers (2011, pp. 38-39), concludes that it is the combination of many factors together that influences the decision of an entrepreneur to internationalise at an early stage, although the entrepreneur or the entrepreneurial team are seen as the key factors on which all other factors, rest. The experience of the entrepreneur, the knowledge base, the accessibility of networks, as well as the alertness towards new opportunities, appear to be of a central factor when it comes to an early and accelerated internationalisation process of a venture. This means that the choice of the entrepreneur to internationalise is process-driven and includes dynamically diverse factors, and not only the availability of good high-tech products.

### **2.3.2 INTERNATIONALISATION PROCESS OF VENTURES**

#### *Process*

Sapienza et al. (2006, pp. 927-928) present – against the suggestion of the process theory of internationalisation, which claims that firms internationalise due to external push factors and customer demands pull factors – a new venture internationalisation framework that claims that young ventures have a good confidence in their own competencies and choose themselves to follow internationalisation opportunities. Results show that early internationalisation on the one hand increases the risks of failure but on the other hand also represents opportunities for substantial growth. The choice of ventures whether to internationalise at an early stage or not should be also dependent on whether the wish for survival or the wish for growth to dominates.

Entrepreneurs that aim to achieve firm survival should wait until they have adequate resources, in order to being able to afford the costs of internationalisation. However, if it is the goal to achieve high growth or the window of opportunity is short, the choice for an early internationalisation might be risky but rational. Finally, it is suggested that generally enterprises should have managers with pre-existing international experience, as well as substitutable resources, in order to ensure flexibility for market changes (Sapienza et al., 2006, pp. 927-928).

Further, Autio et al. (2011, p. 31), claim in their study that the internationalisation process diverts from the organisational process in a way that it combines convergence with divergence. As most of the new firms try to enlarge their portfolio for the new markets, the process of convergence takes place. Following, this increases the need for adaptation, as the technological focus or its market sector do not inevitably alter in any noticeable way. So, in fact, the internationalisation process supplements yet another level of exterior uncertainty to the already existing market and technology uncertainty that the new venture is confronted with. However, there are results showing that there is a so-called “learning advantage of newness” that especially new firms are subject to, due to an interplay between managerial perception and emerging processes, which lead to a specific competitive advantage.

Moreover, Schweizer and Vahlne (2010, pp. 365-367), present in their study a model of the internationalisation as an entrepreneurial process, showing the relationship of state variables, such as the knowledge base of a firm, the opportunities, as well as the individual entrepreneurial capabilities, such as the ability to deal with a certain level of risk that comes with internationalisation, as well as the change variables, which develop and increase during the course of internationalisation, the more the firm invests in the improvement of network ties and knowledge base, namely the building of trust and relationship commitment decisions of partners, the learning and creation of knowledge, and the exploitation of possibilities. The state variable of the network position has a direct influence on the level of trust towards a firm. The entrepreneur has to be able to use the personal and internal resources, in order to increase the amount of network ties and as a result increase the knowledge base and amount of resources during the course of internationalisation.

Moreover, one key advantage that a venture can gain if it accesses a market quick and as the first one, is the so-called first-mover-advantage. If a venture has assessed an opportunity well and it enters as the first one a new market, it has to face less competition. Afterwards, the market will grow very quick, as competitors will enter the market as well. There are several aspects of the first-mover-advantage that have a very positive influence on the performance of a firm in a new market: it can choose and secure the most attractive market segments, it can position itself in the centre of the market, recognize and react quickly to changes, in some cases the firm is even able to position its products and services as the industry standards. For first movers it is possible to gain viable market knowledge, to build network ties, as well as to provide information and satisfy customers, in order to ensure a big market share. However, the benefits of a first-mover-advantage are highly depending on the stability of the new market environment, the capacity of the entrepreneur to educate customers, as well as ability of the entrepreneur to increase the barriers for competitors to enter the market too soon or at all (Chitakornkijasil, 2011, pp. 197-198).

However, when it comes to the influence of internationalisation on firm performance, the literature review on the SME sector by Wright et al. (2007, pp. 1022-1023), shows that from the existing research there can not be found a clear evidence that internationalisation increases the performance of SMEs. Although some studies show

that the level of internationalisation has a positive influence on the market share and return on investment, as well as profits of a firm, there can be also found results showing that although for example the level of productivity and the level of sales increase but not the growth in employment. Moreover, further studies show that there is a negative relationship between the proportion of sales exported and the return on assets, as well as that the degree of export does not have a significant influence on the profits, firm survival and employment growth. However, the authors also conclude that it is difficult to compare or analyse the influence of internationalisation on firm performance, as there is a very wide range of measurements of performance, as well as it can be assumed that there are clear differences between diverse industries, markets, cultures, as well as firm sizes.

Further, also Nkongolo-Bakenda et al. (2010, p. 79) confirm the findings of a non-existing influence of globalisation on the performance of a firm. It is stated that although the actual study overall shows that the performance has a significant influence on the results of a firm, when it comes to the variation of performance, the low level of explained variance of performance by globalisation implies that there are other factors that should be taken into account. The globalisation on its own does not solely define the success of a venture, as well as in detail the SME does not need to internationalise in order to be successful. Nonetheless, if the entrepreneur recognizes an international opportunity and he or she decides to exploit it, there is the possibility that it is beneficial for the venture.

However, research also shows that the influence of the internationalisation process on the firm performance also differs at diverse stages of the internationalisation process. In detail, when looking at the initial stage of the internationalisation process, a decline of the performance of the venture can be observed, as it has to deal with the liability of foreignness. But once the firm is able to enlarge the base of new knowledge and capabilities, the competitiveness is increased, as well as when market opportunities are seized by the venture's investment undertakings in international markets, the performance of the firm develops positively again. However, there is a possibility that the performance weakens again when the costs of the complexity of managing multiple diverse subsidiaries go beyond the essential profits of the internationalisation (Lu and Beamish, 2001, p. 582).

Moreover, empirical studies also show that there are differences when it comes to the industry a firm is active in. For example the study by Jones (1999, p. 38) shows that in the case of high-technology firms, international business activities are a very common practice and not exceptional. In order to being able to successfully grow and develop, it is necessary for high-technology ventures to enact international business activities as well. Although firms in this industry might not from the beginning plan to internationalise, they still expect that at some point there will be the need to interact in cross-border activities. When deciding about the scope of internationalisation entrepreneurs need to consider diverse aspects, such as the nature of the business, the needs for resources, the diverse development opportunities, as well as the network development and strategic growth.

Supplementary, Arbaugh et al. (2008, pp. 375-376), conclude in their study that publicly-held companies are showing a bigger tendency to internationalise, which shows the importance of outside owners of an entrepreneurial firm to start the internationalisation process. But the authors are not able to present findings regarding the reason for internationalisation of publicly-held firms, namely whether it is due to the external force of investors to internationalise, or because the entrepreneur tries to acquire additional funding, or then because the entrepreneur tries to achieve further growth, in order to provide more return on investment for the investors. Anyway, the authors state the no matter what the causes for the wish of internationalisation is, entrepreneurs should create relationships with outside investors, in order to ensure support for their international expansion.

Overall, in order to being able to understand the accelerated internationalisation process of a venture, the entrepreneur has to identify the business model of the venture clearly and also define the required commitment level for successful international operations. For example knowledge intensive firms can use their financial and other resources, such as network ties and overall market knowledge, in order to being able to internationalise from the beginning and handle this high speed of internationalisation. However, it is of a very high importance to be aware of the “pre-history” of a venture, in order to being able to understand the accelerated internationalisation process (Kaarna, 2010, p. 560).

### *Challenges*

Following, this need to adapt to a changing environment, especially after an accelerated pace of internationalisation, a so-called gusher, is as well discussed by Chetty and Campbell-Hunt (2004, pp. 76-77). As a result of a gusher, a firm is confronted with unexpected directions and as a result needs to be able to manage these challenges in its internationalisation strategies. Overall, results show that born globals are better at handling these challenges than regional or global ventures, as they have better developed learning strategies, which allow them to react to the fast changing environments. Hence, entrepreneurs and managers should be aware of the destabilizing effects of an accelerated internationalisation and develop learning strategies that are tolerant of original failure but more insistent in pursuing solutions to upcoming challenges.

Additionally, Svetlicic et al. (2007, p. 54) claim in their study that the biggest barriers for SMEs when internationalising are the host country related aspects, such as high political risk, unstable investment climates, systemic non-transparency, as well as general instability. The one area where SMEs, compared to big enterprises, clearly have a much bigger challenge when internationalising is the access to financial resources, which is also one of the major determinants when it comes to internationalisation success or failure.

### *Networks and Knowledge*

One important factor for being able to handle these challenges of internationalisation is the process of network development. It is of a high importance to build and maintain relationships with a wide range of individuals, firms, and organisations, in order to be well prepared for the risks (financially, politically, relational, etc.) during the course of internationalisation. In detail, learning and network development are interrelated and of a very high importance. Especially when it comes to changing operation modes during an internationalisation process, it is the entrepreneurial activities of a firm that enable creative and innovative development, in order to being able to achieve the internationalisation objectives (Welch and Welch, 2004, pp. 232-234).



Furthermore, when discussing the influence of networks on the internationalisation process, it should be differentiated between social and business networks. Generally speaking, both types of networks are a highly important source for resources and information combined with the internal resources and knowledge of the firm in order to successfully discover, identify, react to, and develop internationalisation opportunities. Now, when the amount of knowledge and resources increases, as well as new types of problems occur, the firm needs to apply more formal strategies. This is the explanation for the development from the social type of networks towards business types of networks that are used in the later stages of the internationalisation process (Vasilchenko and Morrish, 2011, p. 102).

Additionally also Kiss and Danis (2010, p. 282) discuss the influence of network ties of a firm on the speed of internationalisation. Generally the authors claim that it should be differentiated between domestic and international network ties when assessing their influence on the speed and outcome of internationalisation. It is stated that strong domestic and weak international network ties are interdependent. It is a dynamic process, where strong domestic network ties and a broker that acts as intermediary for the entrepreneur are required, in order for international network ties to emerge. However, once the transition advances, the entrepreneur is more likely to trust in his or her brokers and less on the national network ties, because the venture achieves more and more access to international networks. Further, the importance of social network aspects has a tendency to decrease, once the entrepreneur has access to international networks, and more market-based mechanisms emerge.

Overall, Liesch et al. (2011, p. 865) agree on the importance of network ties by stating that certain factors, such as the accessibility of resources, evolving networks, the level of uncertainty, the level of risk, as well as the managerial oversight, do have a direct influence on the speed, course and content of the internationalisation process but then the course of internationalisation and its results also have a direct impact on the accessibility of resources, the entrepreneur's sensitivity towards risk, as well as level of risk awareness.

More in detail, Mejri and Umemoto (2010, pp. 161-165), claim that when it comes to the knowledge base of a firm, four factors have a direct influence on the internationalisation process of a firm: market knowledge and experiential knowledge, in detail network knowledge, cultural knowledge and entrepreneurial knowledge. First of all, the market knowledge is of a very high and critical importance during the pre-internationalisation phase and the start of the internationalisation process of a venture. It includes knowledge regarding market size, competitor, regulations, etc. The entrepreneur needs to acquire the maximum amount of market knowledge, in order to reduce the risk of the market entry, as well as to have alternative choices if needed.

Second, the experiential knowledge can only be learned by personal experience and it includes knowledge regarding networks, culture, as well as entrepreneurial opportunities. The network knowledge includes social, as well as business networks and it increases during the internationalisation process. Learning about values, manners, and the ways of thinking of individuals in a new market increases the cultural knowledge base of firm. It is often stated that firms tend to internationalise first to markets that are culturally close to the own market, and with an increasing degree of cultural knowledge, they internationalise to culturally more distant markets. Finally, the entrepreneurial knowledge of a firm has a positive influence on the ability to recognize and exploit opportunities, as well as it also supports the engagement in international activities. The more an entrepreneur learns about the factors on a new market, the more he or she is able to recognize new opportunities on the international market (Mejri and Umemoto, 2010, pp. 161-165).

### *Innovation*

Findings from literature show that the innovative orientation of a firm has a direct influence on the point of time and duration of the internationalisation process. In fact results show that a high innovative orientation of a venture can accelerate the internationalisation time, allowing these firms to entry new markets early and to select entry modes that include a high level of control. Moreover results show that ventures can use the advantages of a rapid transition period of internationalisation, if they possess an innovative orientation that enables them to fast recognize and create opportunities in the international markets (Ripolles Melia et al., 2010, p. 787).

Also De Clercq et al. (2005, p. 417) discuss the influence of an innovative orientation of the firm on the presence of a firm in international markets. First of all the authors state that if a firm intensively renews and exploits knowledge of foreign markets and the internationalisation process itself, the likelihood that it internationalises further is higher, due to a higher level of recognition of opportunities from an additional international growth. In detail, when it comes to the innovative orientation, results show that enterprises that are involved in radical innovation, start bold and aggressive actions, as well as are ready to shoulder risk, and are tending to develop a long-term, extensive occurrence in international markets in comparison to more reactive and conservative firms.

In detail, Dib et al. (2010, p. 245), elaborate the differences among firms that follow a traditional internationalisation path and firms that follow an accelerated internationalisation path, the so-called born globals. Generally, born globals tend to have higher research and development (R&D) expenses in comparison to ventures that are traditionally internationalising. The authors explain that the higher percentage of R&D expenses is a proxy for innovativeness. As a result, literature shows that the level of innovativeness has a positive influence on the choice of rapid and accelerated internationalisation processes. Conclusively, ventures that are more innovative are enjoying better opportunities in international markets, as they are more competitive. In short, these firms have a competitive advantage due to differentiation.

These findings are also confirmed by the study conducted by Freeman and Cavusgil (2007, p. 33) showing that the quality of the technological innovation was a critical success factor of the firms in the actual case study for the accelerated pace of internationalisation. Additionally to the factor of innovation, also the availability and use of existing international networks in form of conferences, work, school, former employees, as well as government programmes, proved to be of a very high importance when it comes to a high speed of internationalisation. In order to further accelerate the speed of the internationalisation process, entrepreneurs need to make sure that they create constantly new network ties. The entrepreneur should create instantly visibility by enlarging the network ties through the network of a key customer or supplier.

## **2.4 SUMMARY OF FRAME OF REFERENCE**

Finally, in the actual chapter the frame of reference, in detail the entrepreneurial opportunity process along the model of Ardichvili et al. (2003), as well as the entrepreneurial internationalisation process shall be finalised, in order to present first assumptions and conclusions on the originally stated research questions. As a second step, the frame or reference from the field of the entrepreneurial opportunity process shall be combined with the frame of reference from the field of the entrepreneurial internationalisation process, in order to present an adapted model that combines those two processes.

### **2.4.1 ENTREPRENEURIAL OPPORTUNITY PROCESS**

Overall, the entrepreneurial opportunity process can be divided into the identification, evaluation, and finally the exploitation of the opportunity. Due to disequilibrium in the market it is possible for the entrepreneur to discover an opportunity and create goods and services that result in a higher profit than the cost of production. Diverse personal characteristics of an entrepreneur are proven to have a positive influence on the opportunity process (Tang, 2009, p. 461). But not all individuals recognize the same opportunities at any time (Shane and Venkatamaran, 2000, p. 221).

In detail, the core process of the entrepreneurial opportunity process starts with a very high level of entrepreneurial alertness, which is influenced by the personality traits of an entrepreneur, the social network ties, as well as the prior knowledge. On the other hand, the type of the opportunity has a direct influence on the core process that is consisting out of the perception and the discovery of an opportunity, the creation of the business concept, as well as the evaluation and the development of the opportunity that leads to the founding of a new venture or project (Ardichvili et al., 2003).

First, when looking at the personality traits of an entrepreneur, results indicate that the optimism and the level of creativity of an entrepreneur, and a high level of alertness do have a positive influence on the successful opportunity recognition process (Ardichvili et al., 2003, p. 116; Kirzner, 2009). Further, the ability to learn self-efficacy and a high level of intrinsic motivation further improve the creativity of the entrepreneur (Krueger and Brazeal, 1994, p. 94; Fillis and Rentschler, 2010, p. 64).

But some studies also criticize the emphasis on the creativity of the entrepreneur and claim that entrepreneurs are very clear and defined about their opportunities and projects (Casson and Wadeson, 2007, p. 298). Anyways, the four dimensions of social skills of social perception, social adaptability, persuasiveness, as well as the ability to adapt to diverse social situations are mentioned to have a positive influence on the performance of an entrepreneur (Tang, 2009, pp. 469-470). Finally, when comparing entrepreneurs to other managers, findings show that entrepreneurs are more driven by their need for achievement, are willing to take higher risk, as well as they are more tolerant towards ambiguity (Ahmad, 2010, pp. 208-209).

Second, in regards to the role of social networks and their influence on the entrepreneurial opportunity process, the frame of reference clearly shows that network ties do have a high importance. The existence of strong network ties gives entrepreneurs access to information and resources that they are missing themselves (Tang, 2009, p. 466; Singh et al., 1999, p.1). The access to knowledge and resources in diverse networks is also depending on the residual area of an entrepreneur, as well as the type of network ties, such as weak and strong ties (Arenius and De Clercq, 2005; Granovetter, 1973, pp. 1377-1378).

Results show that entrepreneurs have a higher tendency to use informal networks like family and friends than formal networks (Tang, 2009, p. 468), which can be explained by the high level of trust and exchange of information in a situation of a high level of relational trust (Tang, 2009, pp. 468-469). Nevertheless, conclusions have to be made carefully, as there are differences among different individualistic and collectivistic cultures for example (Ma and Huang, 2008, p. 4; Phan et al., 2010, pp. 183-184).

Third, the prior knowledge of an entrepreneur has been proven as well to have a major influence on the ability of an entrepreneur to successfully recognize opportunities. In detail the prior knowledge due to the educational level, prior employments and work experience, as well as specific industry knowledge are claimed to have a direct influence on the entrepreneurial opportunity process, as well as on the choice of market and industry the entrepreneur is active in (Townsend and Harkins, 2005, p. 3; Tang, 2009, p. 464, 466; Arenius and De Clercq, 2005, pp. 261-262; Shane and Venktamaran, 2000, p. 223; Shane, 2000, p. 459).

One reason for a failure of the entrepreneurial opportunity process is that individuals without prior experience interpret their emotions wrong, whereas entrepreneurs with prior experience are better able to define the value of an opportunity and make the right decision (Sundararajan, 2010. pp. 317-318). But generally the ability to collect and evaluate information is very different among diverse individuals and often influenced also by the market situation (Tang, 2009, p. 464).

Finally, the influencing factor type of opportunity is divided by Ardichvili et al. (2003, pp. 116-117) into four different types, depending on whether the market needs or value thought (problem) are known or unknown, as well as on whether the value creation capability (solution) is defined or undefined. Overall the authors state that businesses, which are formed based on an opportunity where both, the problem and the solution are known, are more successful, than businesses that are based on opportunities, where either the solution or the problem or both are unknown.

Next, regarding the core process of the opportunity, the frame of reference on the perception of an opportunity shows that it is a dynamic process, where the alertness of an entrepreneur and the domain competences, such as diverse abilities, prior knowledge, experience, cultural factors, and in detail also the genetic factors have a direct influence on the ability of an entrepreneur to perceive an opportunity and its value (Mitchell et al., 2005, pp. 667, 671; Ardichvili et al., 2003, p. 110; Shane et al., 2010, p. 297). However, also the perceived desirability and the intrinsic motivation play a significant role in the perception of an opportunity and its development (Townsend and Harkins, 2005, p. 4; Krueger and Brazeal, 1994, pp. 96-97).

Following, the next unit of the opportunity process, the discovery process follows the perception of a certain market need and resource and the possibility to match these (Ardichvili et al., 2003, p. 110). This process can be also explained along the pattern recognition process. During this process the entrepreneur connects information from outside with already existing knowledge, which has a direct influence on the opportunity recognition process (Ozgen, 2011, pp. 64-71; Baron, 2006, pp. 112-113). However, there are differences in the pattern recognition process between novel and experienced entrepreneurs, as with more experience and knowledge, the cognitive framework ties increase (Baron and Ensley, 2006, pp. 1340-1341).

This process of the opportunity discovery is followed by the process of the creation of a business concept. In order to being able to create a business concept, the entrepreneur has to perceive the market needs, as well as the resources and discover the opportunity to match these needs with the resources (Ardichvili et al., 2003, 111).

Lastly, the units of the opportunity evaluation and development are divided into multiple stages and often inter-related. Results from literature show that the more resources are invested into an opportunity, the more formal the evaluation processes become. Often opportunities are restructured or even dismissed, if they don't proof to bring the profit that has been expected (Ardichvili et al., 2003, p. 112-113). The final exploitation of an opportunity is also depending on the expected value by an individual entrepreneur (Shane and Venkatamaran, 2000, p.223).

Often the process of the opportunity development is a sequential process, where it is sometimes beneficial if the original entrepreneur hands over his work to new managers after a certain time, as they are able to see different opportunities and challenges, in order to successfully further develop the opportunity (Casson and Wadeson, 2007, p. 299). Also the interaction between the marketing department and the entrepreneurial/strategic department can have a very positive influence on the opportunity development process (Webb et al., 2010, pp. 544-545).

#### **2.4.2 ENTREPRENEURIAL INTERNATIONALISATION PROCESS**

Within the entrepreneurial internationalisation process, the entrepreneur is seen as the central factor (Oviatt and McDougall, 2005, pp. 542-543) that is allocating resources (Nițu-Antonie and Feder, 2009, p. 214) and deciding when, how, and where to internationalise (Abdul-Aziz and Wong, 2009, p. 59). The personal characteristics of an entrepreneur, such as the level of motivation, international orientation, the level of risk awareness, and tolerance towards uncertainty, have a very high influence on the successful internationalisation process of a firm (Acedo and Florin, 2006, pp. 61-62), which means that in the case of an accelerated internationalisation process, where the level of uncertainty will be increased, it is of an even higher importance that the entrepreneur is able to handle these challenges (Butler, et al., 2010, p. 131).

One way to overcome these difficulties is to delegate international operations to a separate management team that has pre-existing international experience and good qualifications for the development of the internationalisation process (Sommer, 2010, pp. 312-313). Additionally, entrepreneurs with pre-existing experience and a well-developed international network with access to a big knowledge and resource base do have a clear advantage towards other entrepreneurs that only have local networks and first have to develop the international experience and build up new network ties (Schulz et al., 2009, p. 8).

Finally, the frame of reference on the entrepreneurial internationalisation process itself indicates that despite earlier suggestions that enterprises internationalise due to diverse push and pull factors, firms actually are on their own highly confident in their individual competencies and decide themselves to internationalise, although it might confront them with certain risks and threatens a long-term survival of the firm (Sapienza et al., 2006, pp. 927-928). This process diverts from the organizational process by combining convergence and divergence (Autio et al. (2011, p. 31). In detail, the process includes the interaction of different state variables (knowledge base of the firm, opportunities, entrepreneurial capabilities) and change variables (network ties, learning, exploitation of opportunities) (Schweizer et al., 2010, pp. 365-367).

Following, one key advantage a firm can gain from internationalisation, is if it accesses a new market as the first one and achieves a so-called first-mover-advantage, which leads to a clear competitive advantage towards ventures that access the market on a later stage (Chitakornkijasil, 2011, pp. 197-198). But findings from literature also show mixed results when looking for a positive influence of internationalisation on the firm performance by criticizing a direct relation (Wright et al., 2007, pp. 1022-1023; Nkongolo-Bakenda et al., 2010, p. 79). However, results indicate that there are differences according to the stage of internationalisation the venture is in (Lu and Beamish, 2011, p. 582), as well as the industry that the firm is active in (Jones, 1999, p. 38). Hence it is of a very high importance that the entrepreneur is very clear about the chosen business model and the commitment level, in order to being able to handle the challenges of an accelerated internationalisation process (Kaarna, 2010, p. 560).



In detail, the biggest challenges of an fast-tracked internationalisation process and new market entry are the quickly changing environments, the high need for flexibility for adaptation (Chetty and Campbell-Hunt, 2004, pp. 76-77), as well as diverse host country aspects, such as a high political risk, unstable investment climates, non-transparency, and overall instability (Svetlicic et al., 2007, p. 54).

Following, in order to overcome the challenges of the entrepreneurial internationalisation process it is essential to build up a wide range of network ties (Welch and Welch, 2004, pp. 232-234), in detail social and business networks (Vasilchenko and Morrish, 2011, p. 102), as well as domestic and international networks (Kiss and Danis, 2010, p. 282), in order to having access to a big knowledge and resource base, which has a direct influence among other factors, such as the level of risk and uncertainty, on the speed and success of the internationalisation process (Liesch et al., 2011, p. 865). In fact, besides the experiential knowledge that consists of network knowledge, cultural knowledge, and entrepreneurial knowledge, a firm should also possess market knowledge, as these two types of knowledge directly influence the internationalisation process (Mejri and Umemoto, 2010, pp. 161-165).

Additionally, besides the availability of network ties, the degree of innovation of a firm is stated to have a direct influence on the outcome of an entrepreneurial internationalisation process (Freeman and Cavusgil, 2007, p. 33). In detail, a high innovative orientation of a firm, leads to an accelerated internationalisation process, allows a firm to access new markets as the first ones, as well as to select high-control entry modes (Melia et al., 2010, p. 787; De Clercq et al., 2005, p. 417). This focus on innovation allows firms to achieve a competitive advantage through differentiation (Dib et al., 2010, p. 245).

### 2.4.3 PRELIMINARY ADAPTED MODEL OF ARDICHVILI ET AL. (2003)

In the actual chapter, the frame of reference from the field of the entrepreneurial opportunity process is being combined with the frame of reference on the entrepreneurial internationalisation process. As a result of this combination, an adapted model is presented, pointing out and suggesting diverse factors and aspects that should be added to the original model of Ardichvili et al. In detail, the resulting model shall exemplify how the entrepreneurial opportunity process looks like under the influence of the internationalisation process. This newly presented model can be seen in figure four. The added factors and units shall be discussed more in detail in the upcoming paragraphs below.

In fact, the model of Ardichvili et al. (2003) has been adapted due to the reason that if considering an internationalising firm, it is too simple and does not consider major factors of the entrepreneurial internationalisation process, that directly influence the opportunity process, as it has been found from the frame of reference. Moreover, the often very fast internationalisation process of a firm does not follow a linear and step-by-step process but is often shaken up by challenges and threats that an internationalisation process brings with it. In order to being able to successfully handle an internationalisation process, an entrepreneur should be aware of all the influencing factors on the opportunity process.

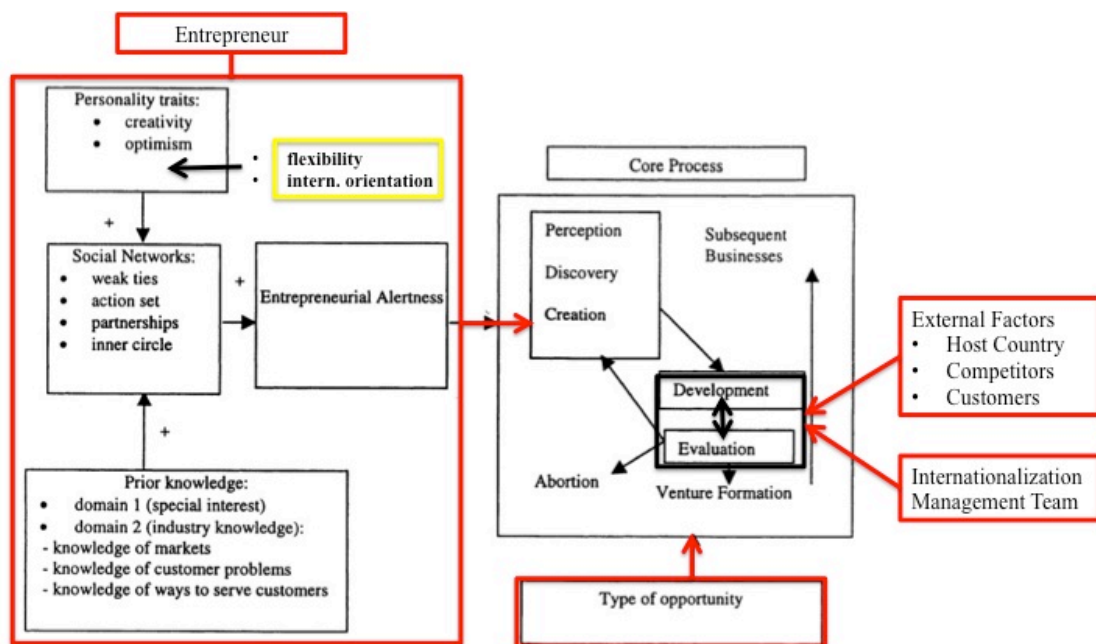


Figure 4: Preliminary Adapted Model of Ardichvili et al. (2003)

Generally, several factors and units have been added to the original model of Ardichvili et al. (2003), namely the flexibility and international orientation of the entrepreneur, external factors, such as the host country, competitors and customers, as well as the internationalisation management team. Also, one very important adaptation has been made regarding the point in time at which the diverse influencing factors have more weight, resulting out of the discussion on the frame of reference on the entrepreneurial opportunity and internationalisation process.

First of all, the major influencing factors, as defined by Ardichvili et al. (2003), namely the personality traits, the social networks, as well as the prior knowledge that have been stated to have a direct influence on the level of entrepreneurial alertness of the entrepreneur, are still defined as very important influencing factors on the entrepreneurial opportunity process. However, one adaptation has been made regarding the personality traits of the entrepreneur, where additionally to the level of creativity and optimism of the entrepreneur, the flexibility and international orientation have been added as influencing factors, as these are highly important for a successful internationalisation process of a firm. Moreover, based on the frame of reference that has been discussed so far, it is assumed that these influencing factors, or in short, the entrepreneur him/herself, has the biggest influence during the process of opportunity perception, discovery, and business concept creation.

Further, the next influencing factor, the type of opportunity is also in the new model having an important role for the opportunity process. In fact this factor is assumed to have a direct influence at every stage of the opportunity process. When it comes to the success rate of the four types of opportunities that have been defined by Ardichvili et al. (2003) no clear conclusions can be made. However, it can be assumed that opportunities where the problem, as well as the solution are known and defined do have a higher success rate, than opportunities where both or either the problem or the solution are unknown.

Moreover, two major influencing factors that have been added to the original model of Ardichvili et al. (2003) are the internationalisation management team and external factors. First, as it has been suggested by literature, the evaluation and development process of an opportunity is often following a sequential approach. So, in the light of

internationalisation it is assumed that the likelihood and benefit of setting up an additional management team with prior international experience and orientation by the entrepreneur is very high and also presumed to be very beneficial for the internationalisation and development process of a firm, especially if the entrepreneur him- or herself is lacking prior international experience. Further, it is agreed with the frame of reference, that for a successful development process of a firm, it is very good if “new” people take over or support the development of the venture, as they bring new capabilities and resources with them and are often able to see different challenges and opportunities than the entrepreneur him- or herself.

Second, especially during a fast internationalisation process, it is assumed at this stage that the influence of external factors, such as diverse host country aspects (e.g.: economy, politics, currency, geography, etc.), the existence and activities of competitors, as well as the special needs of customers with different social and cultural backgrounds, on the opportunity process is very high and should be also added to the model originally presented by Ardichvili et al. (2003). Both influencing factors, the internationalisation management team and external factors are assumed to have a major impact during the evaluation and development process of an opportunity. However, in the case of a born global venture, it can be assumed that these two influencing factors already have a direct influence on the recognition process of an opportunity.

To sum up, according to the adapted model, it is anticipated that the core process of the entrepreneurial opportunity is consisting of the opportunity recognition, in detail the perception, discovery and creation of a business concept, the opportunity evaluation and development, and finally, the foundation of a business. The level of entrepreneurial alertness directly influences this core process. Moreover, diverse factors that influence or even define the level of entrepreneurial alertness can be defined. Namely the personality traits, the networks ties, as well as the prior knowledge of the entrepreneur, which have the biggest weight during the recognition process of an opportunity, following the type of opportunity, and finally external factors and an internationalisation management team that is created by the entrepreneur during the evaluation and development process of the firm, in order to ensure a successful internationalisation process.

As the presented frame of reference has shown that there is a need to adapt and add certain factors to the model of Ardichvili et al. (2003) when combining the entrepreneurial opportunity process with the entrepreneurial internationalisation process, an empirical study is required, in order to further analyse the adapted model of Ardichvili et al. (2003) and justify the need for the adaptation, so that diverse aspects can be pointed out for future research that shall validate the adapted model. But first, in the upcoming chapter the research method for the empirical part shall be presented, before conducting the empirical study.

### **3 RESEARCH METHOD**

#### **3.1 UNIT OF ANALYSIS AND SAMPLING DECISIONS**

Generally, it is the real life cases and examples that make case studies very attractive for researchers that are interested in looking behind the scenes, analysing different environments and human beings in real life settings. This goes in line with the primary interest of the actual research that is motivated by the excitement of looking at a specific, practical case, and in detail the people behind the decisions and actions that lead to the development of an enterprise and its internationalisation, as a case study helps to research objects holistically, looking at a social or human problem. It allows a researcher to do his or her work in a natural setting, building a complex and holistic picture, as well as it includes the individual views of the participants. Actions, such as the opportunity recognition of entrepreneurs can be researched, by looking at the causes and effects (Kontinen & Ojala, 2011, pp.495-496).

However, it is the very nature of a case study that makes it so individual and often surprising when using it as a research method, as every case has its own personalities and different settings in it. Every case has dissimilar starting points, depending on whether a case is an individual, a group or people, an institution, etc. The interesting point is that in a case the researcher is looking for a range of different kinds of evidence, coming from different points, from which the dots have to be connected in the end. Different sources have to be combined, bringing with it the different strengths and weaknesses of every source (Gillham, 2000, pp.1-2).

Following, especially this need for collecting evidence from different sources, as one of the key characteristics of case studies, also asks for a very good understanding of the researcher of the environment, the case study takes place in. Very often a case study is conducted over multiple time periods, using multiple research methods. The researcher gains a deep understanding of the environment by observing it and the people in it, looking for special behavioural patterns and habits. The case participants are interviewed, asked for interpretations of the data, looking for their own opinions and judgements of the situation. Also, any case study is based on the written data that is available in and about the specific environment (Woodside, 2010, p.6).

Especially, when looking at one certain company as the target of the case study, the researcher can focus on the key people behind the strategic decisions, analyse their opinions, ideas, and other characteristics. As an example, the case study by Schick-Case & Thatchenkey (2010) shows how this kind of methodical research method can be applied to analyse the interactions of a small investment firm, and in detail the CEO and his individual actions.

Additionally, another specific fact about the research itself in the field of the entrepreneurial opportunity process is that, in the field of entrepreneurship overall there is less existing data than in other research areas. Hence, the statement by Perrini et al. (2010, p.518), saying that “qualitative research is suitable when little is known about the phenomenon”, as well as that “when the aim is to derive ideas from the data at hand and attach them to theoretical perspectives” finds clear support. In their own case the authors use a context that can be used as an extreme case. It is claimed that in extreme cases the theory building is supported, as the unusual and the typical parts of the case are brought more light on. In extreme cases the dynamics are better observable than in normal cases.

To sum up, it can be stated that entrepreneurship itself and in detail the opportunity process are based on the characteristics and actions of the entrepreneur itself, as well as the environment and networks the entrepreneur is active in. Hence, it appears to be a very beneficial choice to look at the opportunity process from a qualitative point of view, in order to analyse the actions and characteristics of the entrepreneur and the opportunity process in the firm on a very deep and specific level.

Hence, it has been decided to apply a qualitative study as research method, and in detail a single case study in this thesis. Using a case study to analyse the opportunity process offers the possibility to analyse the psychological motivations and goals of the individuals and how they perceive new opportunities in the firm, as well as how other factors influence the opportunity process, especially under the influence of the internationalisation process.

Management Events Oy has been chosen as the case study example. Multiple reasons have led to this decision. First of all, due to the fact that the author of this thesis has been working at Management Events Oy already prior to the research, the trust of the interviewees has been earned, as well as the author has the knowledge and long-term insight into the culture and environment of Management Events Oy, which is highly important for a successful conduction of a case study, leading to valid results. Second, although Management Events Oy is not a new or small firm anymore but more in the transition towards a mid- to big-size enterprise, existing already for more than a decade, it is still valid to say that with this kind of methodical procedure it can be focused deeply on the characteristics of the decision making process within the firm and in detail how the key people understand and use opportunities on new markets.

Subsequently, the case study with the specific focus on the opportunity and internationalisation process of Management events, allows to put light on the extreme case of the speed with what Management Events internationalises. It is expected that this will make it clearer how the opportunity process works and what the specific characteristics and dynamics of it are in the case of the top management in the enterprise.

These findings shall help to underline the need for an adaptation of the model of Ardichvili et al. (2003) and point out the added units and factors as presented in the preliminary adapted model more in detail, as well as support the request for future research, in order to validate the adapted model. Further, these empirical findings shall also allow the presentation of several practical implications for the field of entrepreneurship and in detail, the entrepreneurs that have to deal with the challenges of the combination of the opportunity and internationalisation process on a daily basis.

### **3.2 COLLECTION OF EMPIRICAL DATA**

When collecting the information for the case study, it appears to be of a very high importance to use diverse sources of data as the basis of a case study. In order to avoid biased results, the researcher should try to collect the data from the participants in cognizant situations, as well as situations where the interviewee is not consciously giving an interview, as for example in the case study by Grimaldi et al. (2009, pp.2-3), where the aim of the study is to analyse the triggers for the opportunity recognition of professionals in the R&D off shoring business to Tunisia and India. The data was collected from interviews, conference video tapings, and archives. Case objects were chosen regarding relevance and comparability criteria.

Following, along this example it can be seen how it is highly necessary to ensure that a case study is despite its narrow focus, valid and scientifically significant. In detail, in the actual thesis, the adapted model is based on a profound frame of reference, as well as the case study of Management Events shall be used to further test the model empirically, leading to conclusions and an expansion of the research field.

Additionally, in a case study the researcher is highly dependent on the trust of the participants, so that they are willing to give all the information, particularly the personal point of views and often also feelings. Hence, it can be assumed that it is of a benefit if the researcher has already a connection or relationship to the participants of the case study prior to the actual research. Support of this assumption can be found from the article written by Teixeira (2001, pp.2059-2060), who conducted a case study among the Portuguese and Black Entrepreneurs in Toronto and their community resources and opportunities. The author states in this paper that he had to apply different strategies to earn the trust of the participants of the case study, such as being involved in related projects prior to the research, as well as participating in a radio programme where he could address potential participants for the case study.

Conclusively, according to this finding, once more confidence for the choice of Management Events Oy for the case study can be established, as the author has been working in the firm already for multiple years prior to the actual research. This shows that the author of this thesis has a personal connection to Management Events Oy, its culture and employees.



Finally, it can be concluded that the most important critical aspect when conducting the concrete case study, it is of a very high importance that a very good structure for the interviews, as well as the overall case study assembly is prepared, in order to be flexible for changes and different outcomes or happenings that are diverting from the expected scenario and following to be open towards them. Following, it is of outmost importance that the interviewer can keep an open mind during the conduction of the case study and not reflect the already existing knowledge of Management Events Oy in the results, hence neglecting new or diverting results from the interviews, written materials, as well as personal experiences and observation.

### **3.3 ANALYSIS AND INTERPRETATION**

The first analysis of the frame of reference has been presented, which shall be followed by a further and deeper analysis and final interpretation after the conduction of the case study of Management Events Oy and the discussion of the empirical results. The analysis and interpretation of the case study of Management Events Oy shall be based on the numbers that the firm has officially published, the results from the interviews, that are conducted with the founder, Mr. Muurainen, as well as the CEO, Mr. Hilvo, and finally also on the personal experience that the author of this thesis has gained during the employment in the firm.

Finally, the frame of reference, and in detail the adapted model of Ardichvili et al. (2003) shall be compared with the outcomes of the case study, in order to discuss the analysis of the impact of the internationalisation process on the entrepreneurial opportunity process and present final conclusions and practical implications for the field of entrepreneurship and entrepreneurship research.

## **4 EVALUATION OF THE STUDY**

### **4.1 VALIDATION OF THE STUDY**

As a starting point, besides merely the practical point of view, a case study gives the opportunity to analyse the validity and applicability of theoretical models and approaches to real life cases, hence combining theory and practice. One interesting example is the study by Marshall (2011), who conceptualizes the international for-profit social entrepreneur by, after reviewing already existing literature in this field of research, then proposing a model of the international for-profit social entrepreneur and finally adapting this model to three case studies, in order to analyse the proposed model along the real life examples. Hence, the author is able to analyse the dimensions of mind-set, the opportunity recognition, as well as the social networks and outcomes of these enterprises. Therefore it can be supposed that exactly this makes the study much more interesting for the reader and can be used as a great source of knowledge for other entrepreneurs. This combination of research findings and the conduction of a case study make the outcomes appear even more rich and reliable for the reader.

However, especially these characteristics of a case study might lead to certain doubts about its validity. Precisely this social interaction and dependence on the input of the individual participants of the case study, may lead to the question of whether every individual is trustworthy, as well as if the researcher is having the necessary neutral position, in order to come to usable conclusions regarding the scientific results. Yet, Gerring (2007, p.1) states that all the examples of a case, the individual, the group, or the organization, are based on the existence of a macro-micro link in social behaviour, a system of cross-level inference. Instead of collecting knowledge from a bigger number of examples, it is occasionally more useful to get the in-depth knowledge of a single person. It allows us to get a better understanding of the complete picture by concentrating on the key fragment.

Moreover, one specific theoretical point in the field of the entrepreneurial opportunity process is about the entrepreneurial networks. In order to being able to recognize opportunities, one major source for ideas and resources is the environment of the entrepreneur, the friends, colleagues, and the business networks. Hence, the research

of the networks of the entrepreneur is highly valuable in order to figure out the opportunity process of the whole enterprise. These network ties present highly important bridges and access to external opportunities and resources of the firm (Hite, 2005, p.113).

Subsequently, a case study presents the perfect opportunity to gain access to the network of an enterprise and in detail its management, which further allows the researcher to analyse the opportunity process in detail. By conducting a case study at Management Events Oy, and specifically conducting interviews with the top management, as well as the founder of the firm, will make it possible to examine the networks of the individuals and their influence on the opportunity process, which further influences the success of the growth and internationalisation of the firm.

In fact, research shows that the entrepreneurial venture creation process on its own is a highly complex phenomenon, which involves interaction between individual and environmental characteristics, which are not easy to separate. Thus a case study presents a very good opportunity to research this interaction between the individual and his/her networks (Sikdar & Vel, 2011, p.79). These findings are taken as a further support for the validity of the choice to use the case study of Management Events Oy for the evaluation of the entrepreneurial opportunity process in the light of internationalisation.

## **4.2 LIMITATIONS OF THE STUDY**

Anyways, as to any other empirical research method, also the case study has certain limitations that the researcher has to be aware of, in order to ensure successful and valid results of the study. Hence, if the researcher understands where the limits of a certain methodical research method are, it is possible to navigate the research and also the research question into the right direction, in order to still achieve effective results and come to scientifically valid conclusions.

First of all, it is not only an open mind and sharp eyes that make a good case study. Although these features are important for the researcher, there is also a lot of discipline required. It is necessary that one thinks already before the study through the

whole story and what could happen. Especially when working with other human beings, there are always surprises, as every individual reacts differently in various situations. Among the most important tasks during the preparations is that the researcher creates good questions for the interview, as these are the basis for a successful collection of data from the participants (Stage, 1995, p.15).

Further, besides well prepared interview tools and structures, it is also very important for the conduction of case studies to keep an open mind, in a sense that the researchers do not get trapped in their conceptual baggage. People often tend to assume that because of what they know and have experienced on their own, that they also have an understanding of others. Hence, there is a big risk, that the researcher is not open enough and “blind” for new facts (Gillham, 2000, p.18).

For the actual case study this means that the interviewer will have to take enough time on the preparations for the interviews. One possible danger could be that because the interviewer knows the interviewees already before the case study, it will be of an even bigger surprise if the person in the interview reacts differently to a certain question than expected, also due to conceptual baggage. Hence, a well prepared structure of the interview is of utmost importance. In that way the interviewer will be able to be open to different or new behaviours or feedback during the interviews, as well as during the observation and evaluation of the environment and developments of Management Events Oy as a whole.

Moreover, when looking at the case study as a research method, one critical aspect is for example that it has to be considered that the focus is very narrow and specifically tied to a certain situation or process. So, if the researcher derives a certain theory from the case study it is probably unlikely that another researcher will conduct a comparable study, in order to generalize the theory. But then, the generalizability can also often distract the researcher from specific aspects of the case, which might be highly important for the overall understanding of the study (Gagnon, 2010, p.3).

Additionally, as case studies are studies that are often based on a single example of a broader phenomenon, they are frequently perceived as a “mere” case study, being identified as having loose frames and no generalizable theories, biased case selection, informal and undisciplined research designs, weak empirical leverage, subjective conclusions, non replicability, and causal determinism (Gerring, 2007, p.6).

Following, when considering the limitations of the case study as an empirical research method, certain correlations to the actual case study of Management Events Oy can be seen. First of all, the case study of Management Events Oy is also limited to a certain size of enterprise, as well as the corporate culture should be seen as unique and can be assumed to have an influence on the opportunity process, following the development of the firm as a whole. Besides, the industry Management Events Oy is active in, one should be aware of. It can be assumed that there are differences among diverse industries, especially between production and service companies.

So, in order to gain the necessary deep knowledge of the situation and the case at hand, it should be made clear from the beginning onwards that any informant on his or her own is unable to report the details that are necessary to deeply understand the process under study. Instead it should be communicated that the deep understanding is not only gained from collecting the data but also from observing and understanding the processes in the case over a longer period of time from multiple informants or participants. Additionally it has to be clear that the purpose of the case study is not to generalize findings to a population but to probe a theory (Woodside, 2010, p.9).

More in detail, the case study by Perrini et al. (2010, pp.529-530), which deals with the opportunity recognition process in social entrepreneurship, can be shown. The authors clearly state that they are aware of the limitations of case study research, such as the trading of statistical significance for richness, accuracy and insight into observed processes. Nevertheless, it is stated that the study has analytical value, namely that the purpose of the study is to generalize a certain set of results to a specific broader theory. For the purpose data sources have been triangulated, so that the emerging results can be justified. In this way, the authors prevent a negative attitude towards the results of the study, by clearly communicating what the purpose of the research was and winning the trust of the reader by acknowledging limitations.

However, it is not only the feature of a narrow focus that the researcher has to keep in mind when using a case study as a research method. Particularly when conducting interviews, it has to be understood that one can never know for certain if the data is correct and if it replicates the realistic behaviour. Many stimuli from the environment, personal experiences, or other sources can influence the answers from the interviewee, hence altering the results (Pagiavlas, 2009, p.171). As for the actual case study, first, it is essential, that multiple people are interviewed, so that valid results can be found. Second, besides the interviews, the culture of Management Events Oy has to be observed, as well as archival data has to be reviewed, such as economical numbers, etc., in order to understand the full picture deeply and sufficiently.

Conclusively, the case study of Management Events Oy is confidently chosen as empirical research method, in order to test the validity of the adapted model of Ardichvili et al. (2003). Especially in the field of entrepreneurship, and in detail the opportunity process, individual characteristics and the environment of an entrepreneur are having a very high level of influence. Hence, the conduction of the case study on Management Events Oy will provide a very good opportunity to deeply analyse the opportunity process within a firm, and especially one that is experiencing a very fast growth and internationalisation process.

After elaborating the empirical research method in detail, in the upcoming chapter, the empirical findings from the case study of Management Events Oy shall be presented and discussed, in order to being able to finally conclude whether the adaptation of the model of Ardichvili et al. (2003) is justified and which aspects have to be pointed out for future research for testing the validity of the adapted model.

## **5 EMPIRICAL FINDINGS**

### **5.1 MANAGEMENT EVENTS OY**

#### **5.1.1 FOUNDATION AND CONCEPT**

Management Events Oy was established in the year 1994 in Helsinki, Finland. Its founder is the serial entrepreneur Olli Muurainen. Nowadays, the company is privately owned by the founder, Mr. Muurainen, as well as the CEO, Mr. Tomi Hilvo, and diverse partners (Management Events, 2010).

The main business area of Management Events Oy is in the invitation-only events and conferences. It is the aim to reach highly demanding B2B target groups, gathering business information, and finally bringing these top decision makers together on diverse platforms that are organized by Management Events Oy internationally. Following, these events open the possibility for diverse IT tool and service providers, consultants, etc. to reach the top management of diverse industries and win very valuable business leads. Overall the concept has been proven to be very successful, which can be supported by the very satisfiedshare- and stakeholders.

Originally, the career of Mr Muurainen started when he was 18 years old. Out of the experience he gathered during organizing seminars and student parties, he developed the idea of starting a firm that is focusing on fairs and professional events, which he started when he was 23 years old. The goal of Management Events Oy is to distinguish itself from competitors with a segmentation strategy. Mr. Muurainen wanted to aim with his firm on specific target groups, instead of believing like the competitors that “big is beautiful” (Management Events, 2010).

However, the starting-up of the business was not easy for Mr. Muurainen, as he was handling the firm by himself, planning, selling and organizing the events. For the actual accomplishment of the event, part time employees were hired. In the year 2003, Mr. Muurainen decided to conduct “invitation-only events”, where the focus was on professionals from diverse industries and carefully selected target groups. The aim of these events was to create connections between the top decision makers of certain industries and their potential partners; hence creating valuable business leads (Management Events, 2010).

During the following years the concept was continuously further developed. Through this development process it was possible to get to a stage where it was finally possible to be aware of the profits already prior to the actual conduction of the event. Every single detail of the process of the events was known, as well as the employees were thoroughly educated for the conduction of the events. The basis for this security of the structure was a clear conceptualization and modelling (Management Events, 2010).

Following, after the first significant step of changing the concept to invitation-only events, the next substantial step was taken in the year 2004, when Mr. Muurainen decided to start exporting his service product. The idea to start the internationalisation has been being developed already during the change of the millennium. In order to get support and knowledge for the internationalisation process, Mr. Muurainen had induced the Swedish event industry operator, Mr. Håkan Gershagen, who had sufficient experience in the business, as the president of the board of Management Events Oy (Management Events, 2010).

### **5.1.2 INTERNATIONALISATION PROCESS**

In detail, Management Events Oy started its internationalisation path by entering the geographically and culturally close market of Sweden, which was followed then in the year 2005 by the market entries into Netherlands, Denmark, and Austria. One year later in 2007, the firm entered the very huge and economically important market of Germany. In the year 2010 the last missing Scandinavian market, Norway, was entered. Finally, in the year 2011 the markets Switzerland and Poland were entered. At the moment already further market entries in Europe are evaluated and planned.

Also during the internationalisation process, Mr. Muurainen followed an untraditional path. Whereas other firms choose to expand their business in a secure way to only on or two new markets, Management Events Oy started its business in four countries nearly at the same time, and more markets followed during the upcoming years. The founder Mr Muurainen took the responsibility of the internationalisation process himself. During the following years he travelled himself between the new markets, in order to setting up the individual country organisations and hiring the new employees(Management Events, 2010).



Finally, the third big development step was taken, when Mr Muurainen announced in December 2007 that he would hand over the position as a CEO to the new CEO and Partner, Mr Tomi Hilvo. After developing a strong product portfolio and structure, as well as achieving the highest turnover and best profit, ever in the year 2007, Mr Hilvo took over the job to further execute the growth strategy and international expansion plans. Mr Hilvo himself had been previously the managing director and partner at the Engagement Agency Toinen in Helsinki, where he could also gain experience as a customer of Management Events Oy. Mr Muurainen himself continued to be involved in the product development and projects as the main shareholder, as well as having an active role in the board. Mr. Håkan Gershagen remained as the chairman of the board (Management Events, 2007).

This fast and big growth and development process of Management Events Oy can be also seen in the upcoming figures, which present the numbers from the last years of Management Events Oy, in regards to profit, employee base, and portfolio. To begin with, by having 95 % of the 200 biggest IT service, software and consulting companies in the Nordic region as clients, Management Events Oy has been able to reach a revenue of 24 000 000 Euros (€) in the year 2011, which shows a significant growth rate compared to 6 000 000 € in the year 2004 and then 15 000 000 € in the year 2007. This revenue development can be seen more in detail in figure five.

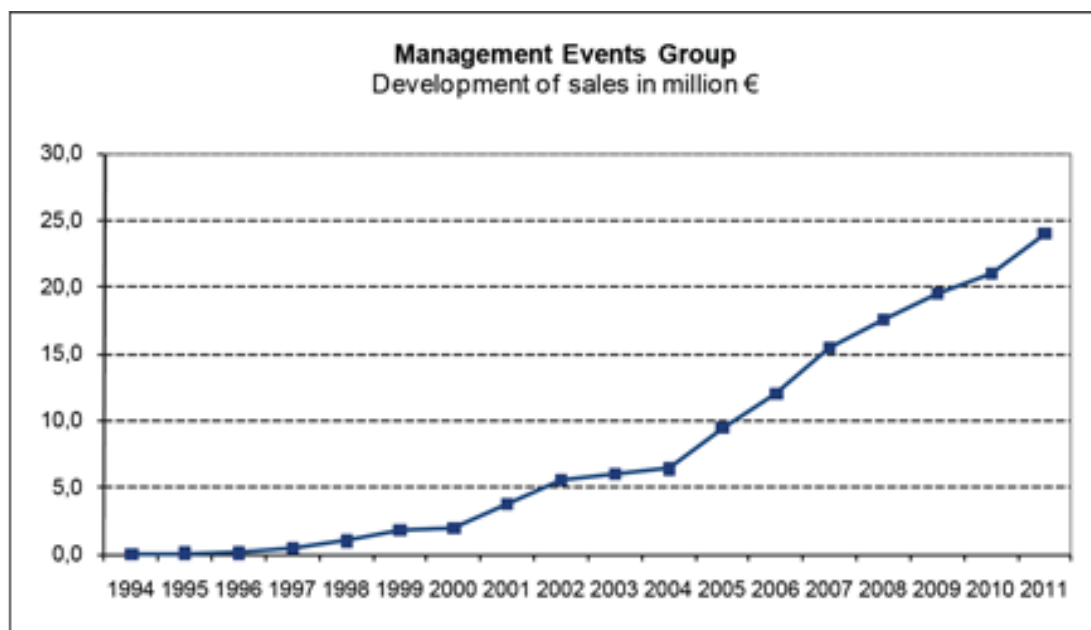


Figure 5: Development of Revenue (Management Events, 2012)

Further, the second aspect that shows a significant speed of growth is the development of the event portfolio of Management Events Oy. Whereas the amount of events in the year 2000 was around the amount of 20, with the first step into a foreign market in 2004 to Sweden, the portfolio already was increased to around 140 events. Finally, in the year 2011, Management Events Oy organized 190 events in the eight countries it was active in. This allowed the firm to increase the number of 40 000 pre booked 1-to-1 meetings that were arranged between B2B solution and service providers and top-level decision makers from diverse industries in the year 2008, to a number of 45 000 pre booked 1-to-1 meetings in the year 2009, and then up to 50 000 pre booked one-to-one meetings in the year 2010. Overall in the year 2009 the number of partnerships with leading solution providers was at 1 500. This development process of the portfolio can be seen in figure six more in detail.

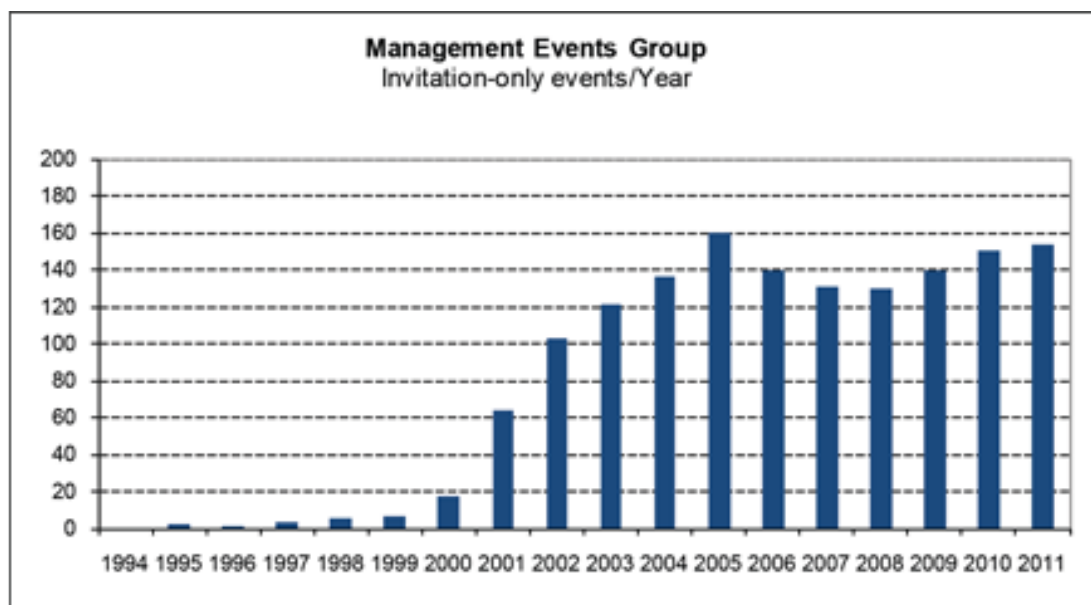


Figure 6: Development of Portfolio (Management Events, 2012)

Finally, this fast international growth is also mirrored in the numbers of the employee base of Management Events Oy, which can be seen in figure seven. From less than 20 employees in the year of 2000, Management Events Oy increased its employee base to 80 in the year of 2006, and finally employs currently around 190 people internationally. The majority of the employees is located in the head quarters in Helsinki, whereas local sales managers and product managers are working in the host markets, in order to have a constant and direct contact with the customers and partners, as well as conducting the events locally.

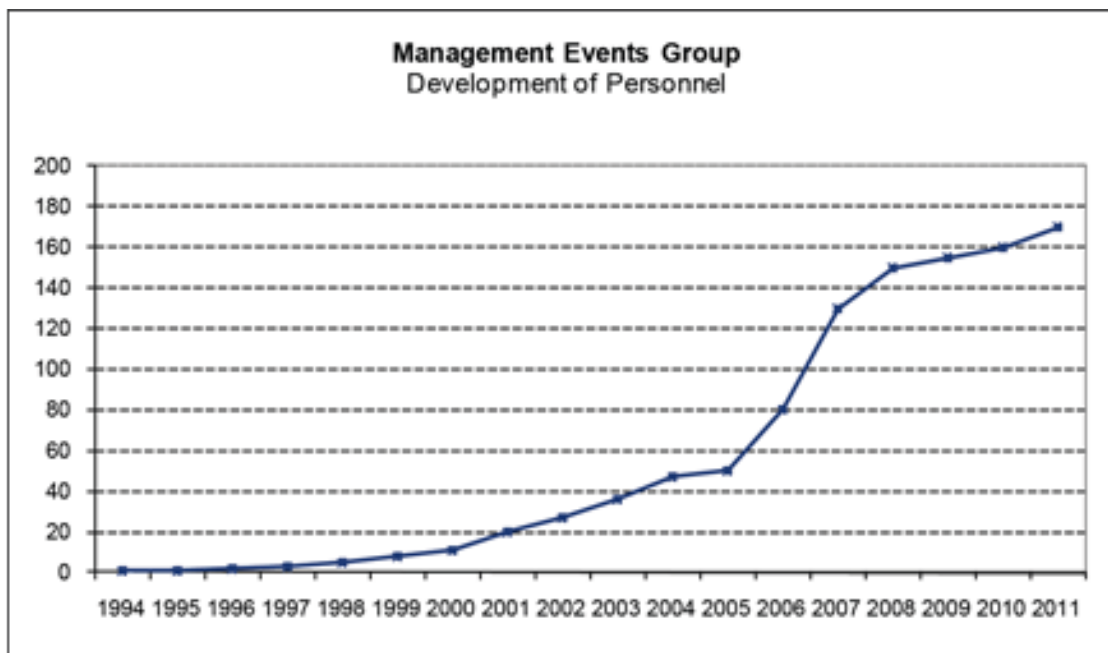


Figure 7: Development of Employee Base (Management Events, 2012)

After presenting the facts about the foundation and development process of Management Events Oy, in the upcoming sections, the interviews of the founder of Management Events Oy, Mr Muurainen, as well as the CEO, Mr Hilvo can be found. The structure of the interviews was based on the structure of the frame of reference that has been presented in the first part of this thesis, as well as the interviews were conducted separately.

## 5.2 INTERVIEW OLLI MUURAINEN, FOUNDER

As the founder of Management Events Oy, Mr. Muurainen is currently the chairman of the board. He uses 20% of his work time for the firm, which is more or less strategic, by helping the top management and partly supporting the product development. Five years ago, he handed over the operational leadership of Management Events Oy to the new CEO, Mr. Tomi Hilvo. Mr. Muurainen stated that the reason for this change was that he had been doing this type of work for 15 years, and he felt that he did not want to do the day-to-day management anymore. He sees himself more as the innovator, the serial entrepreneurs, and someone who wants to create something, not so much keeping the engine running. So, the hand over to Mr. Hilvo was purely due to the own motivation of Mr. Muurainen, who wanted to do something else and he knew that Mr. Hilvo is an excellent leader for this kind of firm. The process of the hand over was actually a very quick one.

When discussing the importance of networks for the development of the firm, in his own view, Mr. Muurainen practically does not give any weight to networks. He follows more an “idea – process – leadership – and then let’s do it” process. Mr. Muurainen stated, “if you need to know someone, you call”. In his opinion one does not need to know anyone to be able to go international. However, there was one exception, namely the chairman, Mr. Håkan Gershagen, who was a really good mentor and tutor for Mr. Muurainen, when it comes to the international steps. But this relationship supported more the mentality and the leadership, not that much whom they met. Also before the internationalisation networks were not essential.

Further, the prior knowledge of Mr. Muurainen has been a state of the mind entrepreneurial mind-set. The firm was different when he founded it 18 years ago, when it was an exhibition company. Through small steps the development went towards conferences and prior events, finally to the invitation-only concept. Overall, it has been more an evolution and small cycle steps, instead of one giant stage. So during the development process one thing led to another. But Mr. Muurainen did have two firms before, when he was 18 or 19 years old. So, he can be seen as a serial entrepreneur. As this type of entrepreneur Mr. Muurainen describes his own characteristics as being stubborn, innovative, which in his opinion makes him a classical entrepreneur, who is “stupid enough to do this”.

In detail, when looking at the development of the idea of the concept of Management Events Oy, as well as the development process of the firm, Mr Muurainen claimed that it was more an evolution, where one thing led to another. For him it was more about looking what the customers wanted, rather than looking at the competition or following any international trends. The central question was: What is the real value that customers want? Then, he was trying to organize events according to that and that is what led to this innovation what is called invitation-only-event now.

So, the founding process of Management Events Oy transformed the firm two times completely: first of all, the company was founded as an exhibition company. As the second step, the concept was developed to conferences and training events. As the final step they combined these two types of events and founded what is now the concept of invitation only events, and then they abandoned anything else. For Mr. Muurainen the process was like going from one direction and then finding a new one, before doing many businesses and finally melting them as a one.

However, this process also brought certain challenges, which Mr Muurainen is well aware of. In his opinion, the biggest challenge is always the change management in the company. Generally, with people, namely the employees and customers it is difficult to adapt when change occurs, as there is always uncertainty surrounding the change process. This always takes much more time and money than one thinks of before. However, Mr Muurainen stated there have not been any big challenges.

In order to handle these challenges and overall the development process of Management Events Oy, regular re-evaluation of the process takes place. Basically, evaluations can be observed in the firm every day. Mr Muurainen was telling about a meeting that took place at the day of the interview, where the top management was looking how the sales had been going and can be further developed. So, the re-evaluation part of the process and concept occurs on a weekly basis but one or two times a dramatic change followed. Generally, there are not any feasibility studies or market studies applied for the evaluation process. For Mr Muurainen the number one tool for the evaluation is intuition, and then also debates with the key managers. Additionally, sometimes the firm asks for feedback from the customers but no traditional market research is applied.

Finally, the goal of the development process of Management Events Oy was to make this concept a world-class invitation only concept, in order to be the quality leader in the world, which is where the firm is now. If the concept of Management Events Oy is compared to any other competitor, by looking at the process and templates, the quality of the events, the software backing the whole process up, as well as the leadership mechanism, the company is clearly the number one in the world.

As the second part of the interview, Mr Muurainen answered questions regarding the internationalisation process of Management Events Oy, which started in the year 2004. In detail, the idea to internationalise was born in the year 2003, which was followed by the hiring of a country manager in the year 2004, and finally, in the year 2005 the first event took place in Sweden. Following, the motivation for the decision to enter foreign markets was based on the wish to grow. In Finland the first invitation-only event type was the industry forum. At the point where they had covered all the industries in Finland, they knew that they could not expand like this any further, and as the method worked so well, they decided to enter new markets.

During this internationalisation process many development steps were made. The firm needed to be much better at many levels, as for example in the leadership development, the reporting systems and processes, as well as the fine-tuning of the concept. During the internationalisation process they always saw the home base as being international. So, they never thought that they would develop something for one country only. It was always seen as one concept and one idea that can be executed in every country. So, Mr Muurainen sees Management Events Oy as multi-local.

Moreover, Mr Muurainen can see many benefits in the internationalisation process of Management Events Oy, such as it has been a great experience, by having been able to learn and develop a lot. And also personally he likes working with people from different countries. But then the internationalisation process is also good for the Finish business itself, due to the fact that the internationalisation process supports the development of the process as a whole. "Sharpening the knives" in one market, as for example in Sweden or Denmark, also helps to sharpen the knives to work better in the Finish market. Overall the internationalisation process of Management Events "has been a hell of a ride".

Anyways, also the internationalisation process brought certain challenges for the firm with it. Mr Muurainen stated that overall, there are many challenges, where small ones appear on a weekly basis and one big one appears every month. However, according to Mr Muurainen the biggest challenge is to being able to find good people that fit into the culture and values of Management Events Oy. Moreover, the internationalisation process also had a direct influence on the profitability of Management Events Oy, when the profits first went down after the internationalisation. In detail, the years of 2007 and 2008 were really difficult years.

Overall, the firm was always making money but in these years it almost achieved a zero result, which was really worrying for the development of the firm. However, later on the business has been going well and overall it is more profitable than before the internationalisation when Management Events Oy was only a local company. Generally, in order to reduce the risk and uncertainty of the internationalisation process, Mr Muurainen answered that the firm has to stick to the strategy, prioritize, develop the leadership, as well as to take good care of the people in the firm.

Now, when discussing the acquisition of knowledge of the host markets, Mr Muurainen stated that the “go to market process” has changed dramatically over the last five years. During the first stages they made and tested really simple assumptions, in order to see whether the concept would work in a new market. They thought that for example if they go to Sweden that there would not be a cultural difference, and overall, that there is not that much difference between the diverse markets. The idea was that it is more about the leadership, than adapting the concept. Nowadays, since they cannot know the markets, they gradually start to make the event from the Helsinki office but not doing market research in a sense. When they get certain numbers or efficiency feedback, they can compare those to existing countries and then decide whether they go ahead with the entering of the market or not. In the words of Mr Muurainen “it is more like putting a toe-into-the-water approach”.

In detail, although the firm does not use resources and knowledge from international networks, there is a special team inside the company, which is responsible for the internationalisation process. In fact, one of the most experienced employees in the firm, Ms Jenni Tolonen, is leading this division. According to Mr Muurainen she is

one of the best managers they have in the firm, as she has been working in many jobs before. Her team is consisting out of people that are originally from those countries that Management Events Oy is looking at for new market entries. Mr Muurainen himself thinks that the internationalisation process is comprehensive. But he did not have any international experience from his previous enterprises.

Conclusively, when being asked about the importance of innovation for the international success of the concept of Management Events Oy, Mr Muurainen suggested that if someone does not have anything unique, if the concept is not clearly making good results and is clearly profitable in the existing countries, the firm should not be going abroad. The company has to be really good already in the home base, in order to be successful also in foreign markets. His recommendation for companies that are considering to go abroad is that they really need to have the home base clear, meaning that everything must be in order, namely the reporting structures, the concept, the leadership, and many other things need to be in really good shape. Because when the firm goes abroad everything is at least three times more difficult.

However, he still recommends to enter foreign markets but in the opinion of Mr Muurainen sometimes the motivation to internationalise is that it would be nice to have an office for example in Bermuda or Dubai and it would be warm there. If that is the motivation, the idea should be killed immediately, as it is not going to work. “Good luck for anyone who wants to go!”

### **5.3 INTERVIEW TOMI HILVO, CEO**

To begin with, as a CEO, the task of Mr. Hilvo is from a larger perspective executing the strategy that has been developed together with the board. The execution is then divided into a few things, namely cooperating and communicating with the board about the execution of the strategy, as well as regarding updates of the strategy, so that they can evaluate the development. Other tasks of Mr. Hilvo also include the longer-term planning, which is the strategic planning for the next one to three years, and finally also the everyday management and leadership.



Mr. Hilvo joined Management Events Oy on December the 10<sup>th</sup>, 2007, which was a stage where Finland as a market had been mature and well functioning for years already. Also the Swedish market was functioning well and profitable. However, other countries were at different development stages, as for example the British and German markets had been just entered. Other markets had some internal issues and challenges, like Austria and Denmark, which were on the right path but not where they needed to be. So, overall, the firm was confronted with a lot of different situations of the markets and generally just started growing.

When asked about the biggest milestones so far, Mr. Hilvo mentioned three things: First, it was the development of a general mindset and leadership towards everyone being in sales positions, and having a sales mentality. Second, it was the progress towards a general professionalization of running the business, as Management Events Oy had developed from a small business, to a larger business that had to be run in a more organized and professional way. Third, it was the re-organisation of the sales method in many ways, as for example the sales strategy, the sales approach, etc. But then also on the delegate operations side a few things were conducted, which made the delegate operations much more efficient and result bringing than they were before.

However, when it comes to the utilisation of networks, Mr. Hilvo stated that the value of networks had been much bigger in his previous job. He can utilize some networks but overall not that much, especially private and business networks. The reason is that Management Events Oy is in a very specific business area that nobody knows, other than themselves. This makes it difficult to utilize external networks. Anyways, they do socialise with some of the players globally within their industry from a broader perspective, where the purpose is to realize where the competitors are in the development process. But Management Events Oy has realized that it is the furthest when it comes to the development of the concept compared to any other competitor. So, conclusively it is good to be aware of this information but the firm itself cannot get any information from these networks that would help for the own development.

Moreover, Mr. Hilvo brought diverse knowledge resources with him. Generally, in terms of the basic knowledge base, he had done studies in the area of marketing and business administration. Further, he did have industry experience from a B2B

marketing perspective, as he had run a media firm, which was a pure B2B marketing house. With this firm he could gain experience with B2B customers and was very familiar with their sales and marketing processes from a rather deep perspective. Additionally, he had led other B2B sales teams and gained sales experience. From the event industry he had experience, as he had been previously a customer of Management Events Oy with three different firms. So, he knew the concept, the culture, as well as some people in the firm. But he did not really have international experience, besides the participation of diverse international conferences.

Additionally, when asked regarding his own personality and characteristics as a CEO, Mr. Hilvo describes himself as a people oriented leader. He is very much driven for results and aiming to drive the atmosphere. But then he is also really interested in how they develop the people, the leadership and also the management. However, not only from a soft perspective but also from a management perspective, meaning that he is very interested in what they measure, so what are KPIs (key performance indicators). Mr. Hilvo summarizes his own personality as having a true passion for wanting to develop and run a company as well as it is, in an as humanly way possible.

Moreover, regarding the development process of Management Events Oy since its creation, Mr. Hilvo stated that the development process has not very much taken place, or in other words it has not been much organised. It can be observed as a more continuous development. Previously the development process has been led by the chairman, as of his vision and deep understanding of the concept, as well as by some of the key people in the firm, who have been head of concept or delegate operations.

Overall, the development process has not always been very organised but very driven and continuous. In the opinion of Mr. Hilvo, it is better that way than doing a once a year development process. However, as the firm has now entered many more markets, there is a big need to understand the diverse client demands, expectations, satisfactions, and also dissatisfactions internationally. So, they are stepping into a much more organised manner of developing the concept.

However, one of the biggest challenges of developing the event concept is the high need for having a very thorough and deep understanding of how the two different key target groups, namely the delegates (decision makers) and partners (service and solution providers) do perceive the concept and how much more value they could get from certain developments of the concept. So, it is very difficult to research that, as these delegates and partners do not know what it is before they experience it. As a result, Management Events Oy has to rely on its own intuition and professionalism first, then try to implement certain changes and development steps, and then finally gather the feedback of the key target groups, rather than do the research first, and then see how the clients see and feel about the changes.

Anyways, in order to handle these challenges, the concept of the firm is re-evaluated on a regular basis. In detail, with the new process, Management Events Oy takes a closer look at its concept once a year. But overall it is a yearlong process and the management can guide it at any turn. So although, there is an annual schedule for the re-evaluation, the management has the possibility to do any smaller changes at any time, if required. As resources they use the feedback from all the markets, including the insights from the sales and delegate operations matrix, which is altogether gathered in the management team. But there is not really a general market study conducted, although feedback can be seen in a way as market study. This is due to the fact, that even people who know the concept cannot imagine certain developments or changes before they experience them, and moreover information from people who do not know the concept, the information would be even more irrelevant.

Overall, there are two major goals for the development process of Management Events Oy. First of all, it is the goal to further grow in existing and new markets, as there are very ambitious growth plans set. And second, the concept has to be the most advanced and most value producing B2B event concept in all markets. Here, Mr. Hilvo underlined the word concept: there are a lot of B2B events that could be great, however, they are not a concept that could be multiplied into new markets where a firm can arrange 200-300 events per year, which is then not a concept.

As second part of the interview Mr. Hilvo was talking about the internationalisation process of Management Events Oy. To begin with, the concept itself started in the early 2000s, whereas in the year 2004 the company entered the first foreign market, namely Sweden, which was such a big success and went so well, that the concept was fast extended to more markets. Further, when looking at the motivational aspect to start the internationalisation, Mr. Hilvo stated that to a large degree it was the growth limits of Finland, which made it clear that the Finnish market would not grow more than to 45-50 events and ten million Euros a year. As this fact was obvious to the main shareholders, as well as the concept itself was so successful, starting the internationalisation process appeared to be the right way to be able to grow and make it an international growth story. Conclusively, it was as well the own motivation to grow, as well as the geographic limitations that led to the start of the internationalisation process of Management Events Oy.

More in detail, one of the major steps of the internationalisation process was to finalise the invitation only concept and then to fine tune and develop it. Followed by another step, namely dedicating enough time, energy, and money, in order to make it so that the concept became strategic - a make-it-or-break-it kind of an effort. In the words of Mr. Hilvo, "you cannot go international on Monday afternoon, because you have to do it full time every day." Partly it is about taking enough large risks that you will actually pay attention to it.

In fact, according to Mr. Hilvo, the start of the internationalisation process was the only way to grow enough, in order to being able to be a real growth company. This process brings along certain key benefits of a growth company, namely to be able to develop, learn, invest, and create opportunities for people, as well as to learn from other markets, other cultures, and other individuals. It would be impossible for a company to stay put and stagnate at a certain size without growth, as a firm either way grows or then shrinks.

However, the internationalisation process also confronted Management Events Oy with certain challenges. According to Mr. Hilvo, the biggest challenge is to being able to find a leadership for the people in a way that no matter where they go, the concept and also sales are executed with such a quality that the concept actually becomes a

business. It has taken many years for the markets, and in some markets the firm is still on the way to become profitable, which is a very challenging process. Overall, it is a great concept but it needs to be run very well, in order to being able to be successful.

Now, another question that appears is also of whether the internationalisation also had a certain influence on the profitability of Management Events Oy. First of all, when Mr. Hilvo entered the firm, the markets Finland and Sweden were very healthy and profitable. However, the other countries were making such losses that in the year 2008 the firm almost made losses as a group, which required very large investments, and as a result had of course also an effect on the profitability. But even with these challenges regarding the losses and less profitable markets, the profitability of the company has been developing very healthy, despite the still on going process of opening new countries. In fact, it is a matter of balancing the growth into the right level, compared to the size where Management Events Oy is.

Anyways, there are certain strategies and activities that are applied, in order to reduce the risk and uncertainty of the internationalisation process. Management Events Oy was able to learn a lot from the first wave of internationalisation, as well as the level of investments that needed to be made. Nowadays, the approach to go into new markets is much more dynamic. The firm does a longer period of market research, which already works towards the market, but it is still considered to be market research, as the company can still back out rather late in the process. Further, the management has generated a new markets team or hub that operates from Helsinki and can function in the new country for quite a while before there is actually the need to hire new people in the host country, whereas previously Management Events Oy hashired quite lot of people locally in the host markets in the very beginning, which cumulated a lot of costs from day one onwards, and led to much less control.

In detail, this team that is working towards the new markets is consisting out of local people who are working from the Helsinki office, if it is at that time possible to find native people, as for example when the Polish market was entered and the first polish people were hired to do the initialmarket entry activities. This team is run and supported by a finish person, who has extensive international knowledge with Management Events Oy. Further, there is also the delegate operations matrix, which is

of a great support. So, the market research is conducted by local people that gather knowledge about the new markets from the Helsinki office. Otherwise there are no external resources used, other than buying databases, etc. Also regarding resources from international networks, Mr. Hilvo stated that maybe there are some local networks that are available and can be utilized but it is not necessarily required.

Further, another very important aspect that is directly related to the successful growth of Management Events Oy is innovation. According to Mr. Hilvo, the concept as a service concept innovation is the key to the fact that it has been a success, as it is definitely Blue Ocean. When it comes to all different layers above or below the key concept, whether it is the innovation of leadership, human resource processes, or incentive processes, as well as communicational innovation, they are trying to work on every level possible to be innovative, so that this innovation leads them to be absolutely the best possible company they can be. This type of mentality and attitude, of creating an own path and being really innovation driven, as well as executing this process really well, is the kind of combination that is superb. If one thing would be missing, for example the leadership would be only like from any other company, it would not work. "You need to have every single aspect and be innovative".

Additionally, when asking Mr. Hilvo about his own attitude towards internationalisation and his own international experience, he stated that for a firm like Management Events Oy it was exactly the right thing to do, in fact the only thing to do, in order to be successful. The company has learned a lot from the different markets and as a result, the growth was so much more than what could have been achieved only with staying in Finland or entering Sweden only. Compared to the experience of working for great companies in Finland, the international aspect of running a company like Management Events Oy is at such a different level that it would be very difficult to consider going back to a firm, which is only operating on the Finnish market.

Finally, Mr. Hilvo concluded that the key point for a very successful company is that one needs to have it all in the business, namely a great concept, leadership, the right level of innovation, as well as a continuous development process and internationalisation. One needs to direct all these energies into the right and same

direction, so that the concept works well. For all types of companies that are so dependent on the actions of people, their motivation, as well as the personal and team results, it is really easy that the business does not go well at all, as it is easy to “screw it up”. However, it is much more difficult to run it well, but if it does run well, it can be really good.

In order to being able to finally analyse the adapted model of Ardichvili et al. (2003) in the final chapter of this thesis, in the upcoming chapter, the facts presented so far regarding Management Events Oy and its opportunity process and internationalisation process, as well as general observations and experiences of the author of this thesis as an employee of the firm shall be analysed first independently. In detail, the entrepreneur, Mr Muurainen himself, as well as the CEO, Mr Hilvo shall be included in the analysis, as Mr Hilvo also has a big role in the evaluation and development process of Management Events Oy.

## **5.4 ANALYSIS OF THE OPPORTUNITY PROCESS**

In the upcoming paragraphs, the opportunity process of Management Events Oy shall be analysed along the framework of Ardichvili et al., namely the influencing factors, the personality traits of the entrepreneur, the network ties and prior knowledge, and the type of opportunity, as well as the core process of the opportunity perception, discovery, and creation of the business concept, the evaluation and development of the business.

### **5.4.1 INFLUENCING FACTORS**

#### *Personality Traits*

Starting with his own analysis, Mr Muurainen sees himself as the serial entrepreneur and innovator that wants to create new things and not so much being too much involved in the daily operations of an enterprise. When observing Mr Muurainen this analysis can be confirmed, as he appears as a very active and ambitious person that is always on the search for new projects and ideas. He appears also as a very enthusiastic and motivating person that has a big talent for motivating other people and transferring his own excitement regarding a project or especially the development of Management Events Oy itself. But also when listening to Mr Muurainen reporting

about the development of his second big project, the factory area Fiskars, he has the ability to convince people about the benefits and the possibilities that this opportunity opens up, as well as motivating the full commitment of the people for the project.

On the other hand, Mr Hilvo defines himself as a people oriented leader. He is very ambitious and interested, as well as focused on results. But he also has a very big interest in the development of employees, the management, as well as the firm as a whole. This is the major difference to the entrepreneur Mr Muurainen, who is mostly interested in creating new things and developing new opportunities, being the serial entrepreneur, whereas Mr Hilvo is the leader and manager that has great abilities for leadership and the development and execution of strategies, in order to further develop Management Events Oy. During the interview he also stated that he could not imagine going back to a firm that is only active locally in Finland, as he is very interested in the process of internationalisation and the learning and development process that comes with it.

### *Social Networks*

The importance of networks is not really that high for Management Events Oy. One major reason is that the concept is rather unique and the furthest developed in the area of invitation only events, hence only Management Events Oy has the specific knowledge. So, if other international or local networks are accessed it has more the purpose of checking where the competition is standing and how far the development of the competitive services is. So, for example for Mr Hilvo networks were much more important during his work for the B2B marketing agency. Also Mr Muurainen clearly stated that he does not put any weight on the importance of networks. In his opinion, a firm does not need networks to go international, as he follows more the strategy of doing something and then contacting other network ties if a certain resource or knowledge is needed.

However, when looking at a broader perspective it is assumed that also for Management Events Oy certain network ties were important for the development of the concept, as for example Mr Muurainen stated that the chairman, Mr Hakan was his mentor especially for the internationalisation process. As well as in the early process of the firm, Mr Muurainen had the connection to Mr Hilvo, which can be seen



as a very important network tie, as well as also other key persons that were hired to the firm and had a major influence on the development of the concept. Or then also with the access to new markets and the hiring of new employees in the local markets, the firm automatically gains access to new networks and knowledge. However, when observing the culture of Management Events Oy it can be confirmed that the firm is very eager to develop its own culture and to build its own knowledge base, in order to achieve a unique concept development. So, the internal networks are highly important and a lot of weight is put on the internal networking among the group.

### *Prior Knowledge*

For Mr Muurainen, as well as Mr Hilvo the prior knowledge was for the individual positions of a high importance. Starting with Mr Muurainen, he could gain already highly beneficial experience as an entrepreneur previously to the foundation of Management Events Oy. It started with the organisation of student parties, led to the setting up of fairs, and finally to the new concept of invitation only events. Combined with the personal characteristics of Mr. Muurainen that were the basis of a successful entrepreneurship, namely creativity, a high level of motivation, as well as a high level of alertness, the experience that he could gain with his first two ventures, supported the successful development process of Management Events Oy.

Following, also Mr Hilvo brought diverse knowledge resources with him. On the one hand, he had extensive theoretical knowledge in the field of business and administration from his university education; on the other hand, he had gained experience in leadership, sales and marketing, as well as market needs and aspects of the B2B area. In fact, Mr Hilvo had the educational knowledge, the industry knowledge, as well as sales and marketing experience that were highly beneficial for the development of the firm, in order to structure and professionalise the organisation and group as a whole, especially during the process of internationalisation.

### *Type of Opportunity*

When looking at the opportunity of Management Events Oy, it can be stated that the market need had existed already before Mr Muurainen started organising his first parties, conferences, and fairs. Also the solution, namely the invitation only events as such have been known before. What is the innovative aspect of the concept that Mr

Muurainen has discovered and developed, is the matching of the market need and the solution in the field of the B2B area. In the private sector, invitation only events had existed before, in the B2B sector, fairs were common and known. But what was the unique approach was the combination of invitation only events and the B2B sector. Decision makers had the need to meet solution and service providers and vice versa but until that point where Management Events Oy was founded, these meetings took place in separate meetings at the customer site or at open fairs for example.

So, as a fact the type of opportunity that Mr Muurainen discovered had a big impact on the successful development process of Management Events Oy. This innovative aspect that revolutionised the B2B area when it comes to the connection of supply and demand, led to the fast and high growth rate of the firm, on the Finish, as well as on the international markets. Problem and solution had existed before, but Mr Muurainen discovered the opportunity to introduce the solution from the B2C area to the B2B area where the market need existed.

#### **5.4.2 UNITS OF THE OPPORTUNITY PROCESS**

##### *Perception and Discovery*

The perception of the opportunity, or in detail the market need and solution, by Mr Muurainen took place over a longer period of time. As he stated himself during the interview, it was a continuous development that started when he was 18 years old and organising student parties. He perceived the market need of people to interact with each other and created the solution in the form of events and seminars. This was the discovery of the opportunity, when he matched this market need with the solution.

In the case of Management Events Oy, it can be argued that this process of opportunity perception and discovery is not a linear one, due to the fact that it started with the perception, followed by the discovery of the opportunity, and then during the development process, a more detailed opportunity was perceived and discovered and the target group got more focused or changed from private customers to B2B customers. However, one can also counter this argument by stating that the perception and discovery of the opportunity took place one time and what followed was solely the process of business creation and evaluation and development.

### *Creation*

The business concept creation was solely conducted by Mr Muurainen who did the entire organisation, strategy planning, and execution in the beginning by himself. As the first step he started by organising student parties and seminars, where he could gain a first experience in the event management sector. During this time he could develop further ideas what allowed him to discover the possibility to professionalise his party organisation into bigger conferences and fairs. The creation of the business concept brought certain challenges with it, as Mr Muurainen was a single entrepreneur and had to carry the responsibility by himself. However, as he only hired staff for the conduction of the actual events, it can be assumed that this was one way to reduce the financial risk, ensuring the long-term success and growth of the firm.

### *Evaluation & Development*

The concept of Management Events Oy has been developed dramatically in various ways from the beginning onwards. First of all, when looking at the concept itself, two major changes have been conducted mainly by Mr Muurainen. After starting with the organisation of student parties and seminars, Mr Muurainen developed the concept into the conduction of fairs and bigger seminars, which led to the first professionalization of the concept. The second major change took place when Mr Muurainen finally developed the concept into an “invitation-only event” concept, which was at least on the Finnish market a real revolution and innovation in the event organisation sector. When looking nowadays on the other markets, there are already major competitors existing that follow similar concepts. However, on the Finnish market Management Events Oy has kept the market leadership position until today.

Moreover, when looking at the development of the management of the firm, it can be seen that what started with the foundation by the single entrepreneur Mr Muurainen, is nowadays consisting out of the diverse management system, which is led by the new CEO, Mr Hilvo. The biggest step in regards to the leadership of Management Events Oy was taken when Mr Muurainen handed over the firm to Mr Hilvo. In his own words, the major motivation for this step was that he wanted to develop other opportunities further and did not want to do the day-to-day business anymore. In that sense Mr Hilvo was the right person, as he had gained already experience as a leader of a big marketing firm in Helsinki and also general in the area of sales.

It is assumed at this stage that the handing over to Mr Hilvo is also based on the fact the entrepreneur Mr Muurainen did not have the experience anymore for the fast growth of the firm and the more and more increasing employee base, compared to Mr Hilvo who was bringing extensive strategic and operational knowledge as CEO of a bigger firm with him. The more the firm was growing the more professionalised the organisation of the firm had to become, Mr Hilvo brought the highly important knowledge in regards to strategy and sales with him, which helped Management Events Oy to professionalise the sales strategies which became more and more essential the bigger the firm got and the more markets it was active in.

Further, when looking at the evaluation of the opportunity, in the case of Management Events Oy it can be seen that this process has been developing constantly since the founding of the firm by Mr Muurainen. And again, the development and evaluation of the business concept is not a linear process, it is an on going process that is often interconnected. Overall, the evaluation of the concept in the beginning was very different from the evaluation process that is conducted nowadays. According to Mr Muurainen himself, the development process is very evolutionary and the major goal in the beginning was to analyse what the customers need and then deliver, instead of following competitors. However, although feedback from customers and other results from events are evaluated, Mr Muurainen states intuition as the number one tool for evaluation. In the beginning the chairman, Mr. Hakan was a major support for the evaluation and development of the concept.

However, since the firm has been growing constantly, and also the management and organisation processes have been professionalised and constantly developed, also the evaluation process is more structured. In the big picture, one close look is taken at the concept once a year, where the management re-evaluates the processes and the development of the firm. But basically changes can be done any time, if needed. Numbers and results are constantly reviewed and further strategies are planned, in order to achieve a continuous development and growth and being able to react to market changes.

When looking from an employee point of view, Management Events Oy has a very thorough evaluation process. Basically every employee evaluates the results with the team leader on a weekly basis, in order to being able to react to challenges and see where the progress can be further developed. On the sales side, results are mirrored weekly on a group basis, on an individual basis the sales status is checked and discussed three times a week. This evaluation process is very ambitious and often challenging but it allows the firm to constantly aim for exceeding the expectations and delivering superior results to the customers and partners, and is one key factor for the success and continuous growth of the firm.

These evaluation processes in small circles contribute to the big evaluation processes of the firm as a whole and allow the firm to constantly monitor the process. In fact, these steady evaluation processes also support the possibility to react quickly to market changes and challenges of the group as a whole and as a result have a direct impact on the constant development of Management Events Oy. When looking at the evaluation of the markets themselves, as also stated by Mr Muurainen and Mr Hilvo, there are no market studies or feasibility studies as such conducted. However, the feedback from the individual market organisation, customers and partners, as well as information that is gathered during the planning of events in various markets is used as evaluation sources and applied for the development of the group.

## **5.5 ANALAYSIS OF THE INTERNATIONALISATION PROCESS**

The internationalisation process of Management Events Oy can be seen as a traditional, yet fast developing one. As the first country the Swedish market was entered, which is geographically and culturally close to the Finish market. As reason for the start of the internationalisation can be seen the push factors of the saturated Finish market, as well as the own motivation of Management Events Oy to follow a growth path and enlarge the company to a high degree. The firm had the confidence that the concept was proven and successful on the Finish market, hence the entry of the Swedish market was based on already existing experience and a well-developed concept that supported a successful start of the internationalisation process.

One of the major changes that followed the internationalisation process was the hand over of the leadership of the firm from the entrepreneur, Mr Muurainen to the new CEO, Mr Hilvo. According to the interviews, the major motivation was that Mr Muurainen wanted to follow new opportunities and wanted to hand over the daily operational business after 15 years to Mr Hilvo. Mr Hilvo himself brought the necessary experience as a leader and personal knowledge and interest in the strategic and operational business that was necessary for the further successful growth path of Management Events Oy. The company was at a stage where the concept itself had been proven to be successful and the next steps were to enter new markets and to further develop the growth and internationalisation path. According to Mr Hilvo himself, the firm was active in a few markets, where the business was already profitable, whereas in other markets still substantial development was needed.

During this development stage of Management Events Oy key people of the firm that had already many years of experience, were assigned to an international team that was specifically focusing on the planning and execution, as well as observation of the new market entries. This team is also responsible for the guidance of the new market teams that are in the beginning of a new market entry operating from the Helsinki office. This development shows that the evaluation and development process as a whole has been improved drastically during the process of internationalisation, in order to ensure a sustainable growth path.

Whereas in the beginning the first markets were entered with the underlying assumption that the cultural differences were not significant and that there was no need to adapt the concept, nowadays, the whole operational system has been improved, including the creation and development of clearly structured reporting systems, market entry processes, as well as the general development of the professionalization of the daily leadership. The reason for this development is also based on the fact that the first market that was entered was Sweden, which is culturally and geographically close, however the more markets a firm enters, the more diverse the cultures and local characteristics get. So the concept as a whole needs to be re-evaluated and processes need to be developed, in order to ensure the further success and growth of the group of Management Events Oy.

Moreover, this development process has also brought specific benefits to Management Events Oy. First of all, this internationalisation process, has increased the learning and experiential process enormously, as with every market entry, the firm gained access to new knowledge and resources, which in turn also was highly beneficial for the Finish market itself to be further developed. The more markets the firm entered, the more it was possible to gain experience and to learn how to react and prevent certain challenges and risks. The internationalisation process has enabled the exchange of information and knowledge between the markets and as such had a direct influence on the evaluation and development process of the concept itself. Further, also the corporate culture of the firm has gotten enriched with the mix of diverse cultures and ethnic backgrounds of the employees who also brought substantial knowledge and experience with them.

However, there are also certain challenges appearing with the process of internationalisation. In the case of Management Events Oy four major challenges can be observed. First of all, although overall the internationalisation process has led to an increase of the profitability of the firm, especially in the beginning when the first markets were entered, the profitability was negatively affected. Additionally, in times when the economy as a whole is experiencing a down-turn, especially firms that follow an intensive growth path, have challenges with being able to carry the costs of the new markets, in the case that the existing markets are not bringing the financial results as forecasted. Also Management Events Oy had to stop for example the market entry of two new markets, as the general economic situation has had a negative development and the new markets did not develop as fast as assumed.

Second, another big challenge of the internationalisation process is also appearing from the human resource point of view when the new markets are entered. It is a major challenge to find enough qualified people that fit into the corporate culture of Management Events Oy on all the new markets that are entered with a high speed. This has been also confirmed by Mr Muurainen and Mr Hilvo that both stated how hard it is to find enough new people during the fast internationalisation process. One reason for this fact can be also observed from an employee point of view: the more markets the company enters, the more diverse are the cultures. It requires a major development process from the management regarding the organisation and adaptation

of the concept to the diverse markets and their diverse customer and employee needs and cultural characteristics. It is a major challenge to keep up the speed of the internationalisation process and at the same time ensure an adequate learning and development process of the concept and the whole group structure, so that a sustainable and successful employee base can be built.

This represents the third challenge, namely the need to keep up with the high speed of the internationalisation and growth process, in order to develop the organisation and leadership of Management Events Oy sufficiently. To be able to handle the growth path of the firm, the organisation has to be very structured and processes have to be extremely clear. It takes some time for every firm to adapt to these changes but in the end they are substantial for the survival of the firm, so also for Management Events Oy. This development can be also observed by the employees during the last months, as the evaluation process also include the evaluation of cultural differences along the process, in order to being able to react to this type of challenges.

Finally, other challenges also come from the external environment. For example the more markets Management Events Oy enters, the more competitors it has to deal with, which in the worst case one time even led to the withdrawal from a market, as it was too saturated already. There is also the challenge that the concept gets copied the more visible Management Events Oy gets and on the more markets it is active in. Further besides the cultural challenges when entering new markets, Management Events Oy also had to face several times challenges that came with the general economic crisis, that directly affected the profitability of the firm and as a further result the financing of the new markets.

However, Management Events Oy has developed diverse strategies to being able to handle these challenges, in order to ensure the long-term growth and success of the whole group. First of all, the well developed reporting and evaluation system of the firm ensures that the management is constantly up to date regarding the actual status and developments of the whole group. Part of this evaluation system is also the new markets team that guides employees that collect during the entry of a new market and the organisation of the first event at the same time information about the market, so that the management can anytime decide whether to conduct the first events and enter



the market or withdraw for some time. Generally, it is the corporate rule that the quality of the events is not sacrificed for profit. The events are only conducted if it is ensured that the company is absolutely able to provide superior service and event quality to the customers and partners, otherwise the event is cancelled or postponed for another year. This is another major benefit of Management Events Oy, that it has a highly innovative and constantly developed concept that allows a significant competitive advantage.

## **5.6 OPPORTUNITY AND INTERNATIONALISATION PROCESS**

Finally, when analysing the effects of the internationalisation process on the opportunity process of Management Events Oy three major effects can be observed. First of all, the change in the management has to be mentioned. Although the internationalisation process had already started, Mr Muurainen decided shortly after the first market entries, to hand over the operational business to the new CEO, Mr Hilvo. So, in fact the entrepreneur had the major role during the opportunity recognition process. However when it came to the evaluation and development process of the firm, including the start of the internationalisation process, Mr Hilvo took over the leadership and strategic execution of the firm. The entrepreneur, Mr Muurainen is still included in the development as strategic advisor and decision maker, however, Mr Hilvo is the major force in the daily business operations, supported by a specialised team for the internationalisation activities.

Following, during the internationalisation process, the structure and organisation of Management Events Oy has been and still is considerably changed. This is on the one hand necessary due to internal requirements, in order to being able to handle the growth of the firm and enlargement of cultural as well as geographical backgrounds, and on the other hand also due to external forces, such as the economic situation, customers and competitor base, as well as general market requirements in the new markets that have been and still will be entered. In fact, the structure of the organisational chart has been multiple times revised and developed, a specialised new markets team has been formed, the reporting system has been professionalised, as well as diverse markets have been united and structurally arranged in the organisation chart in a way, that resources can be exploited in the most efficient way possible.

Conclusively, the third effect on the opportunity process from the internationalisation process of Management Events Oy is due to challenges or simply diversified cultural backgrounds. With the entry of new markets, the opportunity evaluation got even more important, as the developments and needs to changes or adaptations need to be monitored constantly, in order to ensure the success and sustainable growth on all the markets. And also the opportunity development process got even more enriched, as the organisational aspects and the concept need to be developed constantly, in order to being able to handle the diverse challenges and risks of the internationalisation process, as well as to ensure the superiority of the quality of the concept on each market the firm is active in. It is highly important that Management Events Oy continuously learns about the diverse markets it is active in, in order to have a sustainable and successful, concept and employee base, as well as a highly satisfied customer and partner base.

In the upcoming final chapter of this thesis, the final discussion and analysis is presented, along the frame of reference, as well as the findings of the case study, in order to see whether the adaptation of the model of Ardichvili et al. (2003) is justified and it can be highlighted which aspects require future research, in order to validate the suggested adapted model of Ardichvili et al. (2003).

## **6 DISCUSSION AND ANALYSIS**

In the upcoming chapter the theoretical and empirical findings shall be discussed and analysed in comparison to the preliminary adapted model of Ardichvili et al. (2003).

### **6.1 OPPORTUNITY PROCESS**

First of all, when looking at the core process of the opportunity, diverse interesting aspects from the model of Ardichvili et al. (2003) can be observed in the case study of Management Events Oy as well. To begin with, the opportunity recognition, including the perception, discovery, as well as the business model creation is mirrored in the case of Management Events Oy rather nicely. Along the entrepreneur Mr Muurainen it can be seen, how he perceived the market need for business meetings between B2B groups during the conduction of the fairs, which he arranged first, and the solution, the invitation only events that were known already from the private sector.

So, this shows how following the discovery of the opportunity took place when he matched this market need and perception, in order to finally achieve the business model creation that led to a radical innovation in the B2B event management sector. So, although the service product itself is a market innovation, the opportunity for it still existed, but the market need and solution had to be matched first. For this it needed an entrepreneur that showed a certain degree of entrepreneurial alertness, in order to being able to recognise the opportunity. Of course, Mr Muurainen did have the possibility while starting with the organisation of other events previously of Management Events Oy, to gain first experience in the event management sector and observe diverse characteristics and needs in this industry.

However, one sceptical point in the model of Ardichvili et al. (2003) is that the process of evaluation and development are pictured as individual processes in the model, which in reality is not the case, according to the case study of Management Events Oy, especially in the situation of an internationalisation process. The business concept needs to be constantly re-evaluated and further developed, which is not a linear process but often very spontaneous and mixing up the two processes. So, it can be assumed that it is more realistically if these two processes are pictured in the model as one process, consisting out of two pieces.

## **6.2 COMBINATION OF THE OPPORTUNITY AND THE INTERNATIONALISATION PROCESS**

Finally, when analysing the point in time when the internationalisation process starts during the opportunity process, it can be seen along the case study of Management Events that the business concept is created first and then during the evaluation and development process the firm gradually starts the internationalisation process, bringing with it additional influencing factors to the core opportunity process. However, these factors shall be analysed more in detail in the upcoming paragraphs.

First, when looking at the influencing factors regarding the entrepreneur on the opportunity process, several interesting findings can be presented. According to the frame of reference, the personality traits, namely creativity and optimism, as well as in the adapted model the level of flexibility and international orientation, the social networks, including strong and weak ties, partnerships and inner circles, as well as the prior knowledge in regards to personal interests and industry knowledge have been found to have a major influence on the level of entrepreneurial alertness, which in turn directly influences the outcome of the entrepreneurial opportunity process.

Following, when analysing the characteristics and environment of the entrepreneur Mr Muurainen, the influence of the personality traits on the entrepreneurial alertness can be definitely supported, as he shows a very high level of motivation and optimism for his entrepreneurial activities. It is hereby assumed that for a high degree, it was the level of motivation that enabled him to set up Management Events Oy and to develop the opportunity to a successful, international active and innovative company, despite all challenges during the years.

However, when looking at the weight of networks on his entrepreneurial alertness, mainly according to his own judgement these network ties did not have a major input on the opportunity process. Due to this statement and the general observation of his personality, Mr Muurainen appears as a single entrepreneur that has a very clear picture of what he wants to achieve with his entrepreneurial activities, yet does not put too much weight on networks, unless it is required for the further success of a project.

Moreover, the two aspects of the level of flexibility and international orientation are proven to have a very high degree of influence on the entrepreneurial alertness, when the opportunity process is combined with the internationalisation process. Although these two characteristics can be assumed to have a bigger influence during the evaluation and development process of the opportunity, a high degree of flexibility and international orientation are assumed to support the opportunity recognition process in a way that the basis for a concept is built, so that this concept is well prepared for a successful internationalisation process. As for example the international orientation and flexibility of Mr Muurainen, allowed the opportunity recognition and following the evaluation and development of a business concept that could be successfully introduced to multiple international markets.

Following, when looking at the prior knowledge of Mr Muurainen, the suggested factors by Ardichvili et al. (2003) namely, special interest and industry knowledge can be confirmed with the findings from the case study. Mr Muurainen had a very high degree of personal interest on the event management sector, and due to his previous event organisation activities, he could also gain first experience before the foundation of Management Events Oy. Anyways, due to the special nature of the concept and the innovative aspect, the case of Management Events Oy contradicts the very high influence of the industry knowledge on the entrepreneurial alertness, as Mr Muurainen had to gain a lot of experience during the development phase of the opportunity, as the invitation-only concept was new to him and he did not have prior experience in this exact business area.

Further, when looking at the point in time of the opportunity process, where the entrepreneurial influencing factors are having the biggest influence, the original assumption that these are having the biggest impact during the opportunity recognition process, in detail the perception, discovery, and creation of the business concept, can be confirmed. Mr Muurainen was the solely responsible and active entrepreneur during the opportunity recognition process. So, although he still is an important decision maker also during the evaluation and development phase of the opportunity, his biggest influence was during the opportunity recognition process, as he handed over the management to Mr Hilvo at a point where the business concept was getting more a routine and the opportunity evaluation and development process

was more a day-to-day management activity, as well as the internationalisation process got a stronger influence and the firm was experiencing a fast and intense growth process.

Following when analysing the influence of the type of opportunity on the whole entrepreneurial opportunity process, the suggestions by Ardichvili et al. (2003) can be supported from multiple point of views. As stated previously, the market need for the concept of Management Eventy Oy already existed previously, namely the need of B2B firms, as well as solution and service providers to meet, as well as also the solution, namely invitation only events were existing before. However, it was the innovative approach of Mr Muurainen how he connected the market need and solution in the B2B sector and developed a very new and innovative service product that led to a big success on multiple international markets. Hereby also the assumption of Ardichvili et al. (2003), namely that the opportunities where the market need and solution are pre-existing are a having a higher tendency for being successful, can be confirmed. This confirmation is based on the fact that it can be stated that it is easier to combine a need and solution that individually already exist and are proven to be successful, than when one or both have to be created from scratch.

Finally, the two major influencing factors that have been newly added to the original model of Ardichvili et al. (2003), due to the combination of the entrepreneurial opportunity process and the entrepreneurial internationalisation process, namely the influence of external factors and the internationalisation management team shall be analysed. First of all, several external factors have been proven to have a major influence on the opportunity evaluation and development process of Management Events Oy during the on going process of internationalisation. During the internationalisation phase, Management Events Oy had to face diverse challenges, as for example general economic downturns having an influence on the profitability, host country factors, such as new cultural aspects, as well as customers that required certain adaptations in the concept, due to diverse cultural and business back grounds. Hence, the influence of external factors on the opportunity evaluation and development process can be confirmed.

Further, due to these external factors, in order to guarantee the success of the internationalisation process and in turn the opportunity development process as a whole, Management Events Oy set up a specialised internationalisation team, as well as Mr Muurainen handed over the management to Mr Hilvo who brought distinct managerial and leadership qualifications and experience with him, that allowed to handle the fast growth and internationalisation process. Conclusively, the impact and validity of the internationalisation management team as a major influencing factor on the entrepreneurial evaluation and development process can be confirmed.

However, the point in time, at which this influencing factor has the biggest impact or starts having an impact at all, can be assumed to also be depending on the type of opportunity, as well as the type of company, as for example a born global versus a traditionally internationalising firm, where a born global needs to face the challenges of external factors and the need for an international management team already from the beginning, as a such these two factors would have a direct influence on the opportunity recognition process, whereas a traditional internationalising firm might start the internationalisation at the opportunity evaluation and development stage.

Finally, one more factor that should get a clear attention in the entrepreneurial opportunity process, is the influence of internal factors, such as structural, organisational, as well as conceptual changes or adaptations that a firm needs to conduct, in order to ensure a successful internationalisation process. This assumption is based on several findings from the case study of Management Events Oy, partly from the interviews with Mr Muurainen and Mr Hilvo, partly from general observation as an employee in the firm.

First of all, as also stated by Mr Muurainen and Mr Hilvo, one of the biggest challenges of the internationalisation process is to find enough qualified employees for the new markets that also fit into the corporate culture of the firm, as well as also to develop a leadership management that leads to a long-term success and profitability of all the new markets. This can be also observed from an employee point of view, as the fluctuation rate especially in the new markets is often rather high, due to cultural and organisational challenges, which require a certain learning and development process of the firm.

Management Events Oy is constantly aiming to develop the leadership and organisation of employees, in order to build up a high-quality employee base on every market, which in turn has a direct influence on the profitability. However, these developments take some time and learning curve, which is often difficult to keep up with the high speed of the internationalisation process of Management Events Oy.

Following, also the concept of Management Events Oy has to be adapted and further developed to a certain degree, in order to satisfy the customer and partner base on every single market, with often very diverse cultural backgrounds. It represents a major challenge to develop the concept in a way that it is possible to introduce to multiple markets and achieve long term sustainability and profitability. In order to achieve these development steps, Management Events Oy is also developing the organisational structure constantly. Part of this development is for example the tight collaboration between culturally and geographically close markets, in order to achieve resource efficiency, which allows flexibility if there is the need for changes and adaptations or for example also limitations of personal resources.

Hence, it is suggested that to the adapted model of Ardichvili et al. (2003), the internal factors are added as an additional influencing factor, as these have a major influence on the opportunity evaluation and development process during the path of internationalisation. So overall, the original assumption that the structure of the opportunity process as suggested by Ardichvili et al. (2003) is also valid during the process of internationalisation could be confirmed. However, several influencing factors, namely the flexibility and international orientation of an entrepreneur, as well as internal and external factors and the international management team, had to be added. As a second aspect, the point in the time when the diverse influencing factors are of major influence had to be added as well.

The final conclusions regarding the analysis of the adapted model of Ardichvili et al. (2003) shall be discussed in the upcoming chapter more in detail.



## 7 CONCLUSIONS

After analysing the preliminary adapted model by Ardichvili et al. (2003) along the findings from the empirical case study of Management Events Oy, in order to test the justification of the adaptation of the model, in the actual chapter conclusions, as well as the final adapted model by Ardichvili et al. (2003) shall be presented, as it can be seen in figure eight below.

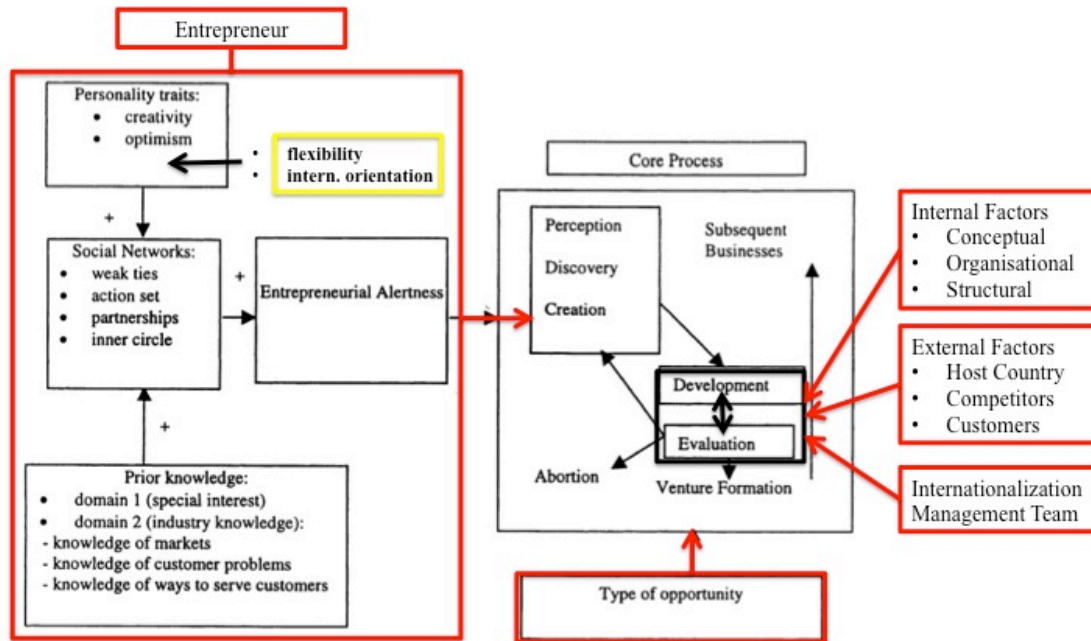


Figure 8: Adapted Model by Ardichvili et al. (2003)

To begin with, the structure of the core process of the opportunity, as defined by Ardichvili et al. (2003) shall be confirmed, despite one change regarding the opportunity evaluation and development process. Especially during the process of internationalisation and the continuous process of entering new markets, the process of evaluation and development are inter-linked and often running parallel, hence it is concluded that these two processes should be seen as one unit, consisting out of two segments. This allows a firm to constantly re-evaluate the business concept, adapt, as well as absorb certain segments that are not successful, in order to make advanced development steps of the concept simultaneously if required.

Hence, it is hereby concluded that opportunities are there to be discovered by entrepreneurs, and in detail, it is the process of the perception of the market need and solution, following the discovery of the possibility to match these two, in order to being able to create a business concept that can be further evaluated and developed. So, the entrepreneur and his or her level of entrepreneurial alertness is the major factor that defines whether an opportunity is discovered and successfully developed into a business concept.

However, one significant adaptation to the model of Ardichvili et al. (2003) is the point in the process where the diverse influencing factors are having the biggest impact, when combining the opportunity process with the internationalisation process. As it has been stated during the analysis in the previous chapter, the internationalisation process has the biggest impact during the opportunity evaluation and development process. Following, it is of a high importance for an entrepreneur to be alert for the diverse influencing factors on the opportunity evaluation and development process, which appear due to the internationalisation activities. Although there might be significant differences between traditionally internationalising enterprises and born globals, for the actual thesis it is concluded that the internationalisation process starts after the opportunity recognition process.

Hence, it is further concluded that the influencing factors that have a direct influence on the level of entrepreneurial alertness, have the biggest impact during the process of the opportunity recognition. It is the entrepreneur that sets the basis for the success or failure of the business formation, as he or she is the one that defines the opportunity recognition, namely how the opportunity is perceived, discovered, as well as the business concept is created. If the business is successful and the opportunity evaluation and development process matures, the business will experience a growth process that requires for the entrepreneur to add an additional management team and employees to the firm, in order to being able to handle the growth and internationalisation process. As a result, during the opportunity evaluation and development process, major additional factors are having an influence besides the entrepreneur him or herself.

Additionally, when looking at the influencing factors on the opportunity and internationalisation process in detail, several conclusions can be drawn. First of all, the entrepreneur, in detail, his personal traits, social network ties, as well as prior knowledge do have a major influence on the level of entrepreneurial alertness, which in turn directly impacts the opportunity process. Regarding the personality traits, the level of creativity, optimism, flexibility, as well as international orientation are stated to be of a high importance for a successful opportunity and internationalisation process, especially during the opportunity recognition process. Further, although it could not be confirmed clearly by the case study, it is concluded that the social network ties do have a very positive impact on the level of entrepreneurial alertness. Differences from the case study are explained by the very special nature of Management Events Oy, as well as its position as an innovator. Finally, the prior knowledge of personal interest and industry are confirmed to further influence the level of entrepreneurial alertness. However, it is further concluded that the level of special interest has a bigger impact than the industry knowledge.

Moreover, regarding the influencing factor of the type of opportunity, it is concluded that it does have an impact on the whole core process, as well as the assumption of Ardichvili et al. (2003), namely that opportunities which are based on existing solutions and market needs are having a higher possibility for success is confirmed as well. However, it shall not be concluded that opportunities where both market need and solution exist are generally more successful, than opportunities that are based on the creation of either market need or solution or both. It is concluded that generally the type of opportunity has a major impact on the opportunity process, so that the opportunity and internationalisation process might go diverse paths, depending on the type of opportunity. But it cannot be confirmed that one type of opportunity is more successful than the other.

Additionally, especially during the process of internationalisation, internal and external factors, as well as the internationalisation management team do have the biggest impact on the opportunity evaluation and development process. An internationalisation process brings diverse external aspects, such as the political and economical situation in the host markets, existing competitors, as well as customers with diverse cultural backgrounds with it that directly influence the way to which the

business concept needs to be developed, as well as it needs to be constantly re-evaluated, in order to being able to handle the sustainable success on all the markets a firm is active in.

Following, the firm needs to be aware of certain internal factors, namely the concept, organisation, as well as structure that are affected and do effect the opportunity evaluation and development process. It is of a very high importance that the firm is aware of the impact of internal factors on the opportunity and internationalisation process and adapts internal process and structures accordingly, so that a sustainable and successful growth process is guaranteed.

Finally, it is concluded that the internationalisation management team takes over a big degree of responsibility during the opportunity evaluation and development process, as the entrepreneur by him- or herself is not able to handle and deliver all the resources and knowledge that are required for the internationalisation activities and growth process of the firm anymore. This in turn explains, why the entrepreneurial influencing factors are having the biggest impact during the opportunity recognition process, as this process requires special entrepreneurial activities and abilities. However, when it comes to the opportunity evaluation and development process, the firm requires additional resources, especially in the leadership and organisational management level, as the entrepreneur is often lacking the experience in this area, especially if it is a novel entrepreneur.

Conclusively, what these conclusions mean in practice, as well as which future research activities would be needed, in order to validate the suggested adaptations of the model of Ardichvili et al. (2003), as well as to generally further develop the research area of the entrepreneurial opportunity and internationalisation process, shall be discussed more in detail in the final upcoming chapter.

## **8 PRACTICAL IMPLICATIONS & FUTURE RESEARCH**

Starting an internationalisation process, adds another layer of risk and uncertainty on the opportunity process of a firm. Hence it is of outmost importance for an entrepreneur to be aware of how the opportunity process is affected by the process of internationalisation, as well as what types of characteristics does the internationalisation process itself bring to the firm.

First of all, regarding the core process of the opportunity, it is important for an entrepreneur to be aware of knowing in which status the business concept is, so that he or she is aware of the individual challenges that every stage includes. Further, in order to be prepared for the internationalisation process, an entrepreneur should create a clear business concept, which has already the potential for being introduced to international markets. Moreover, when the business concept is created and being well prepared for the actual process of evaluation and development, the firm is ready to also start the internationalisation process.

Following, it is important to constantly further evaluate and develop the business concept, as during an internationalisation process, with the entry of every new market, there is going to be the need to re-evaluate the concept and make it suitable to the conditions in every market the enterprise is active in. However, an entrepreneur should be also ready to withdraw from a market, if the evaluation shows that the concept does not fit to the characteristics or situation in a certain market.

Moreover, when it comes to the influencing factors of the opportunity and internationalisation process, an entrepreneur should be very flexible, as well as having an international orientation besides the high level of creativity and optimism. This is due to the fact that during the process of internationalisation many more challenges and risks are added to the opportunity process, so the entrepreneur has to have an open mind and willingness to adapt his or her business concept if needed on certain markets.

Following, with the entry into multiple markets a firm is even more depending on various networks and should be exploiting any connection that supports the success in the new markets. Especially, in markets that have a very different culture than the

home market, an entrepreneur is highly depending on local networks that help to gain access to the market. So, even if an entrepreneur is missing extensive industry knowledge, the access to specific networks can help to compensate certain knowledge gaps of the entrepreneur.

Finally, during the opportunity evaluation and development process, an entrepreneur should be well aware of diverse factors that have an influence, especially when starting the internationalisation process. In order to be able to handle diverse challenges that appear on the outside in the diverse markets, as well as internal factors of the firm, it is recommend that the entrepreneur sets up a team that brings diverse knowledge and experience backgrounds with it. For the internationalisation process it would be ideal, if these team members were from diverse cultural backgrounds, which would even more enrich the internationalisation activities. As especially novel entrepreneurs are often lacking the experience in organisational and leadership management such an additional management team can support the successful growth process of a firm.

Conclusively, although the empirical study has been conducted on a relatively small scale, it has supported and highlighted, together with the findings from the frame of reference, the need for an adaptation of the model of Ardichvili et al. (2003) in the case of a combination of the entrepreneurial opportunity and internationalisation process.

Hence, in order to validate the suggested adapted model of Ardichvili et al. (2003), as well as to further support the development of the research field of the entrepreneurial opportunity process and the entrepreneurial internationalisation process, diverse future studies should be conducted. The detailed aspects that require future research are highlighted in the upcoming final paragraphs.

Principally, the actual study has not taken any differences between different industries or company sizes into account, as well as the case study has been based on a firm that has a very special service product in a distinct industry. Since, it would be highly beneficial to conduct further studies among diverse industries, compare different company sizes and age, as well as to make a clear distinction between service and

product firms. With these kinds of studies, it would be possible to proof the validity of the suggested model scientifically by showing its adaptability to diverse industry and company backgrounds.

Conclusively, when looking at the entrepreneurial internationalisation process, it is of a high importance to acknowledge and be aware of distinct cultural factors in diverse countries. Hence, future studies should be conducted that analyse differences between various cultures, as for example individualistic versus collectivistic societies.

Last but not least, additional research is required regarding the differences between traditionally internationalising and born global firms, as the opportunity process is assumed to be very different from traditionally internationalising firms that follow more a step-by-step approach, compared to born global firms that internationalise from day one onwards. In detail, a very interesting field of research would be Internet based firms and their opportunity process under the influence of instant internationalisation.

## REFERENCES

- ABDUL-AZIZ, A.R., WONG, S.S. 2010. Exploring the internationalization of Malaysian contractors: the international entrepreneurship dimension. *Construction Management & Economics*, **28** (1), pp. 51 - 61.
- ACEDO, F.J., FLORIN, J. 2006. An entrepreneurial cognition perspective on the internationalization of SMEs. *Journal of International Entrepreneurship*, **4** (1), pp. 49 - 67.
- ACS, Z., DANA, L.P., JONES, M.V. 2003. Toward New Horizons: The Internationalisation of Entrepreneurship. *Journal of International Entrepreneurship*, **1** (1), pp. 5 - 12.
- AHMAD, M.H. 2010. Personality Traits among Entrepreneurial and Professional CEOs in SMEs. *International Journal of Business & Management*, **5** (9), pp. 203 - 213.
- ARBAUGH, J. B., CAMP, S.M., COX, L.W. 2008. Why Don't Entrepreneurial Firms Internationalize More? *Journal of Managerial Issues*, **20** (3), pp. 366 - 382.
- ARDICHVILI, A., CARDOZO, R., RAY, S. 2003. A theory of entrepreneurial opportunity identification and development. *Journal of Business Venturing*, **18** (1), pp. 105 - 123.
- ARENIUS, P., DE CLERVQ, D. 2005. Network-based Approach Opportunity Recognition. *Small Business Economics*, **24** (3), pp. 249 - 265.
- AUTIO, E., GEORGE, G., ALEXY, O. 2011. International Entrepreneurship and Capability Development—Qualitative Evidence and Future Research Directions. *Entrepreneurship: Theory & Practice*, **35** (1), pp. 11 - 37.
- BARON, R.A. 2006. Opportunity Recognition as Pattern Recognition: How Entrepreneurs “Connect the Dots” to Identify New Business Opportunities. *Academy of Management Perspectives*, **20** (1), pp. 104 - 119.
- BARON, R.A., ENSLEY, M.D. 2006. Opportunity Recognition as the Detection of Meaningful Patterns: Evidence from Comparisons of Novice and Experienced Entrepreneurs. *Management Science*, **52** (9), pp. 1331 - 1344.



- BROCHMANN, E.N. 2011. How to Get More Out of What You Already Know: Recognizing Opportunities and Making Better Decisions Afterwards. *Journal of Marketing Development and Competitiveness*, **5** (2), pp. 44 - 58.
- BUTLER, J.E., DOKTOR, R., LINS, F.A. 2010. Linking international entrepreneurship to uncertainty, opportunity discovery, and cognition. *Journal of International Entrepreneurship*, **8** (2), pp. 121 - 134.
- CASSON, M., WADESON, N. 2007. The Discovery of Opportunities: Extending the Economic Theory of the Entrepreneur. *Small Business Economics*, **28** (4), pp. 285 - 300.
- CHETTY, S., CAMPBELL-HUNT, C. 2004. A Strategic Approach to Internationalization: A Traditional Versus a “Born-Global” Approach. *Journal of International Marketing*, **12** (1), pp. 57 – 81.
- CHITAKORNKIJSIL, P. 2011. Perspectives on Entrepreneurship Opportunities and Internationalisation. *International Journal of Organizational Innovation*, **3** (3), pp. 184 - 202.
- DE CLERCQ, D., SAPIENZA, H., CRIJNS, H. 2005. The Internationalization of Small and Medium-Sized Firms. *Small Business Economics*, **24** (4), pp. 409 - 419.
- DIB, L.A., DA ROCHA, A., DA SILVA, J. 2010. The internationalization process of Brazilian software firms and the born global phenomenon: Examining firm, network, and entrepreneur variables. *Journal of International Entrepreneurship*, **8** (3), pp. 233 - 253.
- EVERS, N. 2010. Factors influencing the internationalisation of new ventures in the Irish aquaculture industry: An exploratory story. *Journal of International Entrepreneurship*, **8** (4), pp. 392-416.
- EVERS, N. 2011. Why do New Ventures Internationalise? A Review of the Literature of Factors that Influence New Venture Internationalisation. *Irish Journal of Management*, **30** (2), pp. 17 - 46.
- FILLIS, I., RENTSCHLER, R. 2010. The Role of Creativity in Entrepreneurship. *Journal of Enterprising Culture*, **18** (1), pp. 49 - 81.
- FREEMAN, S., CAVUSGIL, S. T. 2007. Toward a Typology of Commitment States Among Managers of Born-Global Firms: A Study of Accelerated Internationalization. *Journal of International Marketing*, **15** (4), pp. 1 - 40.

- GAGNON, Y. 2010. *The case study as a research method: a practical handbook*. Quebec: Presses de l'Université du Québec.
- GERRING, J. 2007. *Case Study Research – Principles and Practices*. Boston: Boston University.
- GILLHAM, B. 2000. *Case study research methods*. London; New York: Continuum.
- GLOWIK, M., GÖTTERT, M. 2009. Attempt to structure Entrepreneurial-Based Internationalisation Concepts. *Journal of Economics & Management*, **5**, pp. 27 - 46.
- GRANOVETTER, M.S. 1973. The Strengths of Weak Ties. *The American Journal of Sociology*, **78** (6), pp. 1360 - 1380.
- GREGOIRE, D.A., BARR, P.S., SHEPHERD, D.A. 2010, Cognitive Process of Opportunity Recognition: The Role of Structural Alignment. *Organization Science*, **21** (2), pp. 413 - 431.
- GRIMALDI, R., MATTERELLI, E., TAGLIAVENTI, M. *The Influence of Professional Identity on new Opportunity Recognition in Offshoring Processes*. Academy of Management Annual Meeting Proceedings, 2009, pp. 1-6.
- HILVO, T. 19 March 2012. *Opportunity and Internationalisation Process of Management Events Oy*.
- HITE, J. 2005. Evolutionary Processes and Paths of Relationally Embedded Network Ties in Emerging Entrepreneurial Firms. *Entrepreneurship: Theory & Practice*, **29** (1), pp. 113 - 144.
- JONES, M.V. 1999. The Internationalization of Small High-Technology Firms. *Journal of International Marketing*, **7** (4), pp. 15 - 41.
- KAARNA, K. 2010. Understanding the Accelerated Internationalisation: Integrating Theories for Analysing Internationalisation Paths. *Economics & Management*, pp. 556 - 561.
- KIRZNER, I.M. 2009. The alert and creative entrepreneur: a clarification. *Small Business Economics*, **32** (2), pp. 145 - 152.
- KISS, A.N., DANIS, W.M. 2010. Social networks and speed of new venture internationalization during institutional transition: A conceptual model. *Journal of International Entrepreneurship*, **8** (3), pp. 273 - 287.
- KONTINEN, T., OJALA, A. 2011. International Opportunity Recognition among Small and Medium-Sized Family Firms. *Journal of Small Businesses Management*, **49** (3), pp. 490 - 514.

- KRUEGER, N.F., BRAZEAL, D.V. 1994. Entrepreneurial Potential and Potential Entrepreneurs. *Entrepreneurship: Theory & Practice*, **18** (3), pp. 91 - 104.
- LIESCH, P., WELCH, L., BUCKLEY, P. 2011. Risk and Uncertainty in Internationalization and International Entrepreneurship. *Studies Management International Review (MIR)*, **51** (6), pp. 851 - 873.
- LLOYD-REASON, L. *Competing in Global Markets: Internationalisation Strategies of Small and Medium Sized Enterprises in Central and Eastern Europe*. 2003. Enterprise in Transition: International Conference Proceedings: 2003, pp. 635 - 651.
- LU, J.W., BEAMISH, P.W. 2001. The Internationalization and Performance of SMEs. *Strategic Management Journal*, **22** (6/7), pp. 565 - 586.
- MA, R., HUANG, Y.-C. *Social Network and Opportunity Recognition: A Cultural Perspective*. 2008. Academy of Management Annual Meeting Proceedings, pp. 1 - 6.
- MANAGEMENT EVENTS. 2007. *Management Events appoints a new CEO*. [WWW] [http://www.managementevents.com/group/press\\_20071203.html](http://www.managementevents.com/group/press_20071203.html) (28 April 2012).
- MANAGEMENT EVENTS. 2010. *Olli Muurainen from Management Events awarded as Entrepreneur of the Year* [WWW] [http://www.managementevents.com/group/press\\_20101108.html](http://www.managementevents.com/group/press_20101108.html) (28 April 2012).
- MANAGEMENT EVENTS. 2012. *Facts and figures*. [WWW] <http://www.managementevents.com/group/facts.html> (28 April 2012).
- MARSHALL, S. 2011. Conceptualizing the International For-Profit Social Entrepreneur. *Journal of Business Ethics*, **98** (2), pp. 183-198.
- MEJRI, K., UMEMOTO, K. 2010. Small- and medium-sized enterprise internationalization: Towards the knowledge-based model. *Journal of International Entrepreneurship*, **8** (2), pp. 156 - 167.
- MITCHELL, J.R., FRIGA, P. N., MITCHELL, R.K. 2005. Untangling the Intuition Mess: Intuition as a Construct in Entrepreneurship Research. *Entrepreneurship: Theory & Practice*, **29** (6), pp. 653 - 679.
- MUURAINEN, O. 27 March 2012. *Opportunity and Internationalisation Process of Management Events Oy*.

- NITU-ANTONIE, R., FEDER, E.S. 2009. Entrepreneurial Behaviour Analysis in the Internationalisation Process of Global Border Type Small and Medium Sized Enterprises. *Annals of the University of Oradea, Economic Science Series*, **18** (1), p. 212-217.
- NKONGOLO-BAKENDA, J.M., ANDERSON, R., ITO, J., GARVEN, G. 2010. Structural and competitive determinants of globally oriented small- and medium-sized enterprises: An empirical analysis. *Journal of International Entrepreneurship*, **8** (1), pp. 55 - 86.
- OVIATT, B.M., McDOUGALL, P.P. 1994. Toward a Theory of international new Ventures. *Journal of International Business Studies*, **25** (1), pp. 45 - 64.
- OVIATT, B.M., McDOUGALL, P.P. 2005. Defining International Entrepreneurship and Modeling the Speed of Internationalization. *Entrepreneurship: Theory & Practice*, **29** (5), pp. 537 - 553.
- OZGEN, E. 2011. Porter's Diamond Model and Opportunity Recognition: A Cognitive Perspective. *Academy of Entrepreneurship Journal*, **17** (2), pp. 61 - 76.
- PAGIAVLAS, N. 2009. Satisfaction and Customer Perceived Need in Adopting an Entrepreneurial Innovation. *Journal of Academy of Business and Economics*, **9** (4), pp. 166 - 173.
- PERRINI, F., VURRO, C., COSTANZO, L. 2010. A process-based view of social entrepreneurship: From opportunity identification to scaling-up social change in the case of San Patrignano. *Entrepreneurship & Regional Development*, **22** (6), pp. 515 - 534.
- PHAN, P., ZHOU, J, ABRAHAMSON, E. 2010. Creativity, Innovation, and Entrepreneurship in China. *Management and Organization Review*, **6** (2), pp. 175 - 194.
- RIPOLLES MELIA, M., BLESÁ PEREZ, A., ROIG DOBON, S. 2010. The influence of innovation orientation on the internationalisation of SMEs in the service sector. *Service Industries Journal*, **30** (5), pp. 777-791.
- SAPIENZA, H.J., AUTIO, E., GEORGE, G., ZAHRA, S.A. 2006. A Capabilities Perspective on the Effects of Early Internationalisation on Firm Survival and Growth. *Academy of Management Review*, **31** (4), pp. 914 - 933.

- SARASVATHY, S.D. 2001. Causation and Effectuation: Toward a theoretical shift from economic inevitability to entrepreneurial contingency. *Academy of Management Review*, **26** (2), pp. 243 - 263.
- SARASVATHY, S.D., DEW, N., VELAMURI, S.R., VENKATAMARAN, S. 2003. 7. Three Views of Entrepreneurial Opportunity. *Handbook of Entrepreneurship Research*, pp. 141 - 160.
- SCHICK-CASE, S., THATCHENKERY, T. 2010. Leveraging Appreciative Intelligence for Positive Enactment in Times of Uncertainty: A Case Study of a Small Investment Firm. *Journal of Economics and Business Administration*, **2** (2), pp. 147 - 152.
- SCHULZ, A., BORGHOFF, T., KRAUS, S. 2009. International Entrepreneurship: Towards a Theory of SME Internationalisation. *International Journal of Business and Economics*, **9** (1), pp. 1 - 12.
- SCHWEIZER, R., VAHLNE, J.-E. 2010. Internationalization as an entrepreneurial process. *Journal of International Entrepreneurship*, **8** (4), pp. 343 - 370.
- SHANE, S. 2000. Prior Knowledge and the Discovery of Entrepreneurial Opportunities. *Organization Science*, **11** (4), pp. 448 - 469.
- SHANE, S., NICOLAOU, N., CHERKAS, L., SPECTOR, T.D. 2010. Do Openness to Experience and Recognizing Opportunities have the same genetic Source? *Human Resource Management*, **49** (2), pp. 291 - 303.
- SHANE, S., VENKATAMARAN, S. 2000. The Promise of Entrepreneurship as a Field of Research. *Academy of Management Review*, **25** (1), pp. 217 - 226.
- SIKDAR, A., VEL, P. 2011. Factors influencing Entrepreneurial value creation in the UAE – An Exploratory Study. *International Journal of Business and Social Science*, **2** (6), pp. 77-84.
- SINGH, R.P., HILLS, G.E., LUMPKIN, G.T., HYBELS, R.C. 1999. The Entrepreneurial Opportunity Recognition Process: Examining the Role of self-perceived Alertness and Social Networks. *Academy of Management Proceedings & Membership Directory*, pp. G1 - G6.
- SOMMER, L. 2010. Internationalization processes of small- and medium- sized enterprises—a matter of attitude? *Journal of International Entrepreneurship*, **8** (3), pp. 288 - 317.
- STAGE, R. 1995. *The Art of Case Study Research*. California: Sage Publications Inc.

- SUNDARARAJAN, M. 2010. Psychological Emotions and Entrepreneurial Decisions. *Global Business and Management Research: An International Journal*, **2** (4), pp. 310 - 322.
- SVETLICIC, M., JAKLIC, A., BURGER, A. 2007. Internationalization of Small and Medium-Size Enterprises from Selected Central European Economics. *Eastern European Economics*, **45** (4), pp. 36 - 65.
- TANG, J. 2009. How entrepreneurs discover opportunities in China: An institutional view. *Asia Pacific Journal of Management*, **27** (3), pp. 461 - 479.
- TEIXERA, C. 2001. Community Resources and Opportunities in Ethnic Economies: A Case Study of Portuguese and Black Entrepreneurs in Toronto. *Urban Studies*, **38** (11), pp. 2055-2078.
- TOWNSEND, D.M., HARKINS, J.A. *Clairvoyance or something sinister: A Model of Market Insights and Opportunity Recognition*. 2005. Academy of Management Annual Meeting Proceedings, pp. 1 - 6.
- VASILCHENKO, E., MORRISH, S. 2011. The Role of Entrepreneurial Networks in the Exploration and Exploitation of Internationalization Opportunities by Information and Communication Technology Firms. *Journal of International Marketing*, **19** (4), pp. 88 - 105.
- WEBB, J., IRELAND, R., HITT, M., KISTRUCK, G. TIHANYI, L. 2011. Where is the opportunity without the customer? An integration of marketing activities, the entrepreneurial process, an institutional theory. *Journal of Academy of Marketing Science*, **39** (4), pp. 537-554.
- WELCH, C., WELCH, L. 2004. Broadening the Concept of International Entrepreneurship: Internationalisation, Networks and Politics. *Journal of International Entrepreneurship*, **2** (3), pp. 217 - 237.
- WILSON, K. 2006. Chapter 2: Encouraging the Internationalisation of SMEs. *OECD Papers*, **6** (12), pp. 43 - 66.
- WOODSIDE, A. 2010. *Case study research: theory, methods and practice*. Bingley: Emerald.
- WRIGHT, M., WESTHEAD, P., UCBASARAN, D. 2007. Internationalization of Small and Medium-sized Enterprises (SMEs) and International Entrepreneurship: A Critique and Policy Implications. *Regional Studies*, **41** (7), pp. 1013 - 1030.

## **APPENDICES**

### **Appendix 1: Interview with Tomi Hilvo, CEO**

#### Introduction:

- 1) Please describe briefly your position and tasks in Management Events Oy.
- 2) At which stage did you enter the firm?
- 3) What were the biggest milestones since you entered the firm?

#### Opportunity Development Process:

- 4) To what extent are networks (personal and business, local and international) for you and the development of the firm important and exploited?
- 5) What kind of prior knowledge (industry, markets, education, etc.) did you possess when you entered the firm?
- 6) How would you describe your own personal characteristics in regards to your position as a CEO?
- 7) How does the development process of Management Events Oy look like?
- 8) What are the biggest challenges of the development process?
- 9) How often is the concept of the firm re-evaluated?
- 10) What kind of resources do you use for the evaluation of the concept (feasibility study, market study, etc.)?
- 11) What is the goal of the development process of the concept of Management Events Oy?

#### Internationalisation Process:

- 12) When did the internationalisation process of Management Events Oy start?
- 13) What was the major motivation for the decision to enter foreign markets?
- 14) What were the major development steps of the internationalisation process?
- 15) What are the biggest benefits of the internationalisation process?
- 16) What are the biggest challenges of the internationalisation process?
- 17) How do you reduce the risk and uncertainty of the internationalisation process?
- 18) How did the internationalisation process influence the profitability of Management Events Oy?
- 19) How do you gain knowledge of the host markets?

- 20) To what extent do you use resources and knowledge from international networks?
- 21) Is there a special team in the firm that supports and manages the internationalisation process?
- 22) If yes, do these people have international experience or even local knowledge of the host markets?
- 23) How is your personal experience and attitude towards internationalisation?
- 24) How important is innovation for the international success of the concept of Management Events Oy?

## **Appendix 2: Interview with Olli Muurainen, Founder**

### Introduction:

- 1) Please describe briefly your position and tasks in Management Events Oy.
- 2) At which stage did you hand over the firm to your CEO, Mr. Tomi Hilvo?
- 3) What was the reason/motivation to hand over the management to Mr. Hilvo?

### Opportunity Recognition/Development/Evaluation:

- 4) To what extent are networks (personal and business, local and international) for you and the development of the firm important and exploited?
- 5) What kind of prior knowledge (industry, markets, education, entrepreneurial, etc.) did you possess when you founded the firm?
- 6) How would you describe your own personal characteristics as an entrepreneur?
- 7) How did you get the idea of the concept of Management Events Oy?
- 8) How did the founding process of Management Events Oy look like?
- 9) What was the major motivation for the creation of Management Events Oy?
- 10) How does the development process of Management Events Oy look like?
- 11) What are the biggest challenges of the development process?
- 12) How often is the concept of the firm re-evaluated?
- 13) What kind of resources do you use for the evaluation of the concept (feasibility study, market study, etc.)?
- 14) What is the goal of the development process of the concept of Management Events Oy?



### Internationalisation Process:

- 15) When did the internationalisation process of Management Events Oy start?
- 16) What was the major motivation for the decision to enter foreign markets?
- 17) What were the major development steps of the internationalisation process?
- 18) What are the biggest benefits of the internationalisation process?
- 19) What are the biggest challenges of the internationalisation process?
- 20) How do you reduce the risk and uncertainty of the internationalisation process?
- 21) How did the internationalisation process influence the profitability of Management Events Oy?
- 22) How do you gain knowledge of the host markets?
- 23) To what extent do you use resources and knowledge from international networks?
- 24) Is there a special team in the firm that supports and manages the internationalisation process?
- 25) If yes, do these people have international experience or even local knowledge of the host markets?
- 26) How is your personal experience and attitude towards internationalisation?
- 27) How important is innovation for the international success of the concept of Management Events Oy?