

Rapid Internationalization of SMEs from Resource Based View: A longitudinal Study of a Pharmaceutical company in Iran

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Abstract

In current global economy with hyper competition in home market, access to foreign markets has become a must for most of SMEs; therefore, SMEs internationalization has received great attention. However, internationalization of SMEs from developing countries in general and rapid internationalization in particular has remained largely unsearched. This longitudinal study was carried out with the aim of exploring the pattern of successful internationalization of an active pharmaceutical ingredient B2B SME from the resource based view (RBV). The study covers the company's activities for establishment in foreign markets over a 12-year period (2000 - 2011) during which it entered 25 countries and increased its export by 20 times. The results of the study show that the internationalization behavior of the studied SME can be explained by a combination of three main critical resources such as entrepreneurial orientation, networking capability and adaptive production capability. These three resources have played crucial role as source of competitive advantage across foreign markets over time. Furthermore, although the RBV was constant during the period studied, the resources as bases for creating competitive advantages were changed from tangible to more intangible sources. The study has significant managerial and academic implications.

Keywords: *Rapid internationalization of SMEs, entrepreneurship orientation, networking capabilities, production capability, case study, and resource based view*

1- Introduction

Small and medium enterprises (SMEs) play the central role in the economy of developed and developing countries. They are the main source of development and dynamism of the developing in emerging and developed countries. SMEs compose 95% to 99% of the business framework (OECD 2007). These firms are the main driving force of the economic development, innovation, employment and social integrity (CheSenik 2011). It is evident that the business settings are increasingly changing and the global economy is getting more integrated and causing changes in the competitive paradigm, dictating all businesses should deal with the global markets (Todd and Javalgi 2007) and of course SMEs are not exception.

Therefore, the study of internationalization of SMEs has increased during the last years (Amal and Fillo 2010) and has become one of the emerging fields of study in international marketing (Mort and Weerawardena 2006). Research on the internationalization of SME's has been increasingly performed in the developing countries (Ibid) but still there are limited resources in this regards (Tesfom et al. 2004, Javalgi and Todd 2011).

A range of theories and approaches has been presented and used by researchers for explaining and justifying of internationalization of SMEs such as: stage and gradual models, transaction cost, network, international entrepreneurship, eclectic, resource-based view (RBV) and less popular ones (Johnson and Vahlne 1997, Westhead et al. 2001, Ruzzier et al. 2006, McDougall and Oviatt 2000, Dunning 1998, Williamson 1985, Johnson and Vahlne 2009). Some researchers have used a combination of approaches to explain the internationalization behavior (Bell et al. 2003, Cavusgil 2007, Coviello and Munro 1997).

Each theory by itself may not be comprehensive enough to explain the complexity of SMEs internationalization. Therefore, some researchers have used a combination of approaches to explain the internationalization behavior (Bell et al. 2003, Cavusgil 2007, Coviello and Munro 1997). For example, Cavusgil (2007) states that the internationalization of born global SMEs can be explained by integrating of stage models, network theory, international entrepreneurship (IE) and resource-based view (RBV). Many researchers have used RBV to explain the internationalization behavior of SMEs but they rarely have used the role of pivotal capabilities such as networking capability, production capability and its combination with other resources like the entrepreneurial orientation (EO) to explain SME's internationalization. In other words, combination of these capabilities and resources can be an alternative approach for better understanding of SMEs internationalization Behavior.

In addition, a closer look at the literature reveals that few studies have been carried out in the developing economies to understand SME's internationalization. Therefore, we used RBV to explain the internationalization behavior of a successful SME and highlighted how a sound combination of some capabilities and resources of the firm can lead to the rapid internationalization. The internationalization process is a dynamic process and develops over time. However, most studies on internationalization of SMEs are cross-sectional and rarely longitudinal studies have been done in this field (Westhead, Wright and Usbasran 2001). Thus, we need a kind of deep research to understand internationalization process and its variations over time. Following this perspective, the longitudinal case study has been used as the research strategy to fill the gap.

Consequently, the purpose of this study is to understand and explore the pattern of internationalization behavior in a successful B2B pharmaceutical SME in Iran as developing country by resource-based view. This study is performed on the pharmaceutical industry context to answer the following research questions (RQs):

RQ1: What are the major success factors (critical resources) which have influenced on the internationalization of a pharmaceutical B2B SME?

RQ2: What are the major patterns and variations of the critical resources in course of time, and which ones have had the significant influences on the internationalization of the pharmaceutical SME?

RQ3: What are the impacts of identified critical resources on the internationalization of the pharmaceutical SME?

The remainder of the paper is organized as follows. First, an overview of the major internationalization theories is presented and then the resource-based view is explained. Other sections consist of methodology, data collection, data analysis and the final section is discussion and conclusion.

2- Literature Review

2-1- Internationalization Theories

Internationalization is the increasing involvement of the firm in the international activities whether inward or outward (Welch and Luostarinen 1988). There is a diversity of theories suggested by the earlier researchers to explain the internationalization process of firms (Westhead et al. 2001, Ruzzier et al. 2006, Coviello and McAuley 1999, Bell et al. 2003). A summary of common theories of internationalization is presented in Table 1 and the selected one (resources base view) is discussed in more details.

Table 1: Internationalization theories

Theory	Focused concept	Main Author(s)
Monopolistic advantage	Using firm's established advantages at low-cost in other countries	(Caves 1982)
International product Cycle (IPLC)	Protecting existing saturated products by selling them in other foreign markets	(Vernon 1966, 1979)
Transaction cost	Minimizing the cost of foreign markets and looking for appropriate governance structure(internalization)	(Williamson 1985, Gilroy 1993)
Stage (U-models) and (I-models)	Internationalization of a firm is a dynamic, gradual and stage by stage process that occurs over time	(Johnson and Wiedersheim-Paul 1978, Bilkey and Tesar 1977, Johnson and Vahlne 1977, rogers 1962)
Oligopolistic reaction	Firms take less risk by imitating other firm's approach to entry to foreign markets	(Knickerbocker 1973)
Internationalization	Firm decrease the risk by transferring their products to the cheaper foreign markets	(Buckley and Casson 1976)
Eclectic	Integration of internationalization theory help to find the special and low-cost markets with less human resources costs, commercial obstacles and transportation costs	(Dunning 1988)
Strategic choice theory	Internationalization of the firm is a way to confront with the complex circumstances	(O'Farrell et al. 1998b)
Network	Internationalization is occurred by concentrating on relations of actors in the market network	(Sharma and Johnson, 1987, Covilo and Munro 1997, Johnson and Mattsson 1988, Johnson and Vahlne 2009)
Resource based	Unique resources and capabilities of the firm is the competitive advantage in the international markets	(Barney 1991, Petraf 1993, Wernerfelt 1997, Peng 2001)
International Entrepreneurship	Internationalization is the combination of innovative behavior, risk taking and being proactive in the international markets	(McDougall and Oviatt 2000)

2-2- Resource-based view in the Internationalization of SMEs

Resource based view (RBV) is a theoretical framework in the field of strategic management that is used to understand the firm's competitive advantage and its sustainability over the time (Barney 1991, Barney et al 2001). RBV focuses on the inside properties of the firm. According to this perspective; the firm is the bundles of resources and capabilities. Distinctive capabilities and resources can lead to the competitive advantage over competitors (Petraf 1993). If the firm's resources and capabilities have four characteristics of value, rareness, imperfect imitability and imperfect sustainability, then it leads to the competitive advantage of that firm (Barney 1991).

The resources of the firm are divided into tangible and intangible assets (Wenerfelt 1984, Zahra and Dass 1993, Hall 1992). The tangible assets include the land, buildings, materials, money and the intangible assets consist of competencies, knowledge, capabilities, attitudes, relationships and reputation of the firm (Witt and Mayer 2010). The firms which have unique set of resources or combination of reserved resources have more proclivities to be international (Bloodgood et al. 1996).

According to RBV, the internationalization decisions depend on the critical resources and capabilities of the firm. For example, the suitable mood to entry into a market depends on the necessary resources of the firm to entry to new market (Kamakura et al. 2012). So, to say a firm needs distinctive capability to apply the resources and attain the competitive advantage in the market (Wang and Ahmed 2007). Capability is defined as the ability of a firm to composing, developing and using of resources to create the competitive advantage. In other words, the capability consists of whatever the firm is doing better and more efficient than the rivals and which has the special role in development of the firm (Grant 1991, Andersen and Kheam 1998, Almor and Hashai 2004).

Enjoying of distinctive capabilities has correlation with superior profitability (Day 1994). The ability of SMEs is the function of firm's capabilities and competencies (Knight and Kim 2009). The adherents of RBV claim that the superior intangible assets are the source of sustainable competitive advantage (SCA) and superior performance (December 2008). In this paper we focus on the main intangible assets such as entrepreneurship orientation, networking capability and adaptive production capability on the internationalization process.

2-2-1- Entrepreneurship Orientation and Internationalization of SMEs

Lumpkin and Dess (1996) define the entrepreneurship orientation (EO) as "the process, practices and decision making activities that lead to new entry" (p. 136). The new entry means the new market or the established markets with the existing products or new products. EO is the developed concept of entrepreneurship which is defined in the organizational level rather than individual one (Covin and Slevin 1991). Moreover, EO is one of the organizational resources that are necessary for the sustainable competitive advantage which is hidden in organization routines and is not tradable in the market (Lee et al. 2001). In line with this perspective other researchers like Covin and Slevin(1998), Lumpkin and Dess(1996), Miller(1983),

Zahra(1993), and Walter et al.(2006) have pointed out that EO has the vital role in different kinds of firms to achieve the competitive advantage.

In addition, entrepreneurship orientation has correlation with the firm's performance. Hence, EO is the determinative departure point for creating competitive advantage in SMEs and basically, the entrepreneurship is the complex and prominent element of RBV framework (Alvarez and Busentiz 2001). EO includes the strategic orientation and reflection of the form that should have three main characteristics such as innovativeness, risk taking and proactiveness (Lumpkin and Dess 1996). The combination of distinctive EO and other existing resources and capabilities of the firm such as marketing skills result in exploiting of opportunities and leap in the global markets (Knight and Cavusgil 2004). Accordingly, SMEs with a high EO observe the opportunities in the global markets proactively and therefore, it can be caused to the rapid internationalization effect (Ruokonen and Saarenketo 2009).

2-2-2-Networking Capability and Internationalization of SMEs

According to the network perspective, the firm's environment is composed of networks. Internationalization is the multilateral process of the network development. In the other words, during the firms' involvement in the international markets the network of relations is shaped (Johnson and Vahlne 1990). Based on Mort and Weerawardena (2006) studies, entry to the foreign markets is the process of creating opportunity in the foreign markets network. Networks are used by firms to connect their activities and resources to those of the partners (ibid).Moreover, the network relations have the vital role in the learning, testing the ideas, trust making, collecting the necessary information, new opportunities recognizing and exploiting, market selection, entry moods and obtaining general and specialized knowledge from international markets (Coviello and Munro 1995, 1997, Johnson and Vahlne 1990, Lee et al. 2001, Mu and Benedetto 2012, Hit et al. 2000).

SMEs can overcome the resource limitations through networks and therefore, these networks accelerate the firm's internationalization process (Mort and Weerawardena 2006). Based on RBV, networks provide the external tangible and intangible assets which are not available within the firm and are necessary for internationalization of SMEs (Wright et al. 2007). Consequently, these network connections can be considered as part of the firm's assets (McDougall, Shane and Oviatt 1994).

As the above discussion shows, the role of the network in the SME's internationalization has been emphasized in the literature by scholars (Coviello and Munro 1995) but in order to establish and use these networks, SME's have to have interior relevant capability. This capability is called networking capability. Networking capability (NC) as an internal resource of the firm is defined as the ability of the firm to develop and exploit intra and inter-organizational relationships to increase the access to the resources of other actors in the network (Walter et.al 2006, Mu and Benedetto 2012).

In other words, NC is the ability of the firm for finding, maintaining, managing and leveraging of network relationships and ties (Mu and Benedetto 2012). Relational skills, partners' knowledge, internal communications and coordination are four main dimensions of NC (Walter et al. 2006, Kale et al. 2002).

Consequently, NC focuses both on internal and external relations of the firm. NC increases the performance of EO as well (Walter et.al 2006, Mu and Benedetto 2012).

NC plays a central role in the SMEs internationalization and obtaining network resources along with exploiting of many emerging opportunities in the international markets (Tolstoy and Agndal 2009). Networking capability enables the firm to have a stable and rapid entry in the foreign markets. This capability is the critical and rare resource which is hardly imitable and therefore, it can be accounted as a source of firm's competitive advantage (Lages et al. 2009).

2-2-3- Adaptive Production Capability and Internationalization of SMEs

Networking capability and its role in the internationalization process was reviewed in the previous section. Production capability which is one of the central capabilities of SMEs is discussed in this section. Andersen and Khem (1998) pointed out that SMEs with high production capability have better international development. On the other hand, studies show that SMEs have more emphasize on the production capability and technology than larger companies. SMEs that have more attention to the quality of product and process can attract more international customers. For example, studies of Lages et al. (2009) reveal that the high quality of product is one of the main determinative factors in the export performance.

Ghuri et al. (2003) stated that coverage of quality standards in the foreign markets is one of the critical factors for SMEs in the developing countries to accomplish the export performance. Technology, design and quality control are very important factors in production capability. Indexes such as superior product technology, high quality, product assurance and advanced equipment's are considered in the production capability (Andersen and Khem 1998). Production capability as one of the critical and basic resources of the SMEs consist of producing and delivering of the product to the customers and emphasizing on the quality, flexibility, lead time, cost and dependability of the products.

According to RBV, this capability is a strategic resource to create the sustainable competitive advantage (Rangone 1999). The technological knowledge and production skills which are valuable and hard to imitate can be accounted as the roots of competitive advantage (Lee et al. 2001). For instance, the ability of quality control of a firm is a tacit capability because it needs to complex organizational arrangement and hence it can be a foundation of competitive advantage (Lee et al. 2001). So to say from the RBV point of view, competitive advantage of some firms is based on the quality and distinction of their products (Wright, Westhead and Ucbasaran 2007).

In this paper, we exploit the term adaptive production capability (APC) as the ability of a firm to produce diversified products in the lead time along with providing demanded quality to the foreign market's customers, and the ability to improve production technology especially production process, producing new products, improving the existing products and associated processes.

2-2-4- Rapid internationalization

Internationalization speed as a multidimensional character is a key aspect of firms' internationalization which has been discussed in the extant literature (Cieslik and Kaciak 2009, Casillas and Acedo 2012). The speed of internationalization can be measured by three main dimensions such as initial entry, country scope, and international commitment (Oviatt and McDougall 2005, Casillas and Acedo 2012). However, product lines (Cieslik and Kaciak 2009) have been considered by some authors as well. In this study rapid internationalization is focused based on Oviatt and McDougall's (2005) dimensions. According to their definition the associated elements are explained as follows. Country scope as a first and geographical element is defined as the number of countries to which the company has entered. Second element is the initial entry which refers to the time between the firm's establishment and its first foreign market entry. Third factor is the international commitment which has been defined as the growth of foreign income over a specific period of time.

3- Methodology

This study is focused on the internationalization of a pharmaceutical SME as producer of the active pharmaceutical ingredients (APIs) in a B2B context. This study is based upon a longitudinal single case study as the research strategy, because this approach enabled us to consider the changes and evolution of the firm's critical resources during a given period of time (Yin 2009, Eisenhardt 1989).

A single case was chosen purposefully (theoretical sample) to collect the data (Dyer and Wilkins 1991). The main criterion for choosing this pharmaceutical company was being a successful internationalized SME in Iran as a developing country. The real name of the company and interviewees are not mentioned because of ethical and privacy observances (Flick 2009). Therefore, in this paper Alfa is used as nick name of the real company.

3-1- Data Collection

The multiple sources such as: documents, annual reports of the firm's board of directors to the annual assembly, the firm's news in the capital market, reports of various departments of the firm, other documents and the interviews as the main source of information was used to collect the data (Yin 2009). At first, a semi-structured interview guide including the open-ended questions was prepared beforehand in accordance with the literatures related to resource based view to be assured about the interviews. However, other questions were asked as necessary. The interviewees had opportunity to describe and analyze the internationalization procedure of the firm. We collected the qualitative data through the face to face interviews with the members of the board of directors, CEOs and other managers of the firm who were in charge in the company at least for two years of the last twelve years (2000-2011).

Some interviews were performed by video conference. The interview's time was between half to three hours. Totally, seventeen managers of the firm from various positions were interviewed. The focus of interviews was on the internationalization of the given case and its critical resources involved in creating of competitive advantage in the foreign markets. As one of the authors was familiar with the pharmaceutical industry, the procedure of interviews was very satisfactory. The results of interviews were checked by another interviewer to prevent the conclusion bias and if there was any doubt, we called the interviewee again.

3-2- Data Analysis

After that the data was collected, the data was interpreted according to the respective theories. The aim of analysis was to find the data consistent to the predefined codes of the theories. The methods and advices of the Miles and Huberman (1994) in related to the data reduction, drawing conclusion and verification was used in data analysis. However, in order to identify success factors (based on RQ1) which have been effective on internationalization process both prefigured and emerging cods were used at the same time (Creswell 2007).

4- Alfa Case

Alfa Company is a SME with 340 employees that was established as an independent identity in 1996. Alfa is a public company that operates in the capital market. This company is the producer of several kinds of herbaceous and chemical-based APIs. The producers of the pharmaceuticals finished products are customers of Alfa. In other words, this company operates in B2B context.

Alfa sold its products in the Iran pharmaceutical market. This SME entered to the foreign markets by little export four years after establishment as a corporation and later have received the superior exporter reward from the industry and commerce organization for several times.

Alfa exported four products as entry to export markets but now the company exports 17 products. The export income of the company was 1 million dollar in 2000 that amounted to 20 million dollar in 2011. Alfa's exports have increased during the last years. As the company internationalized, it exported its products to three countries but today the company exports its products to 25 countries. Exports income composes the 40% of total revenue of the company. 50% of sale profit of the company is from the foreign sales.

Some exporting products of the company have no local market because they have not registered in Iran's Pharmacopoeia yet.

The company produces its products in various qualities consistent to various kinds of pharmacopoeia in the world such as British pharmacopoeia (BP), United States pharmacopoeia (USP), Japanese pharmacopoeia (JP), European pharmacopoeia (EP) and so on. Alfa has had a booth in the biggest European Chemical and Pharmaceutical exhibition (CPHI) annually after four years of internationalization; however the company was only a visitor in this exhibition in early years of entry to international market.

5- Findings

5-1-RQ1: What are the major success factors (critical resources) which have influenced on the internationalization of pharmaceutical B2B SME?

The results of the first research question have been depicted in Table 2. Based on the majority of respondent's opinions several factors were identified which had effective role on the firm's internationalization process.

Table 2: Identified critical resources which are effective on the SME's internationalization

Effective factors on the internationalization	Sub category	The main category
<ul style="list-style-type: none"> Supporting new ideas about product-market New product and process development Existing product and process improvement New market development and market penetration creatively 	Innovativeness	Entrepreneurial Orientation (EO)
<ul style="list-style-type: none"> Engagement in risky projects(establishing new production plants) Involvement in uncertainty actions in global markets and courageous decision making High commitment in new markets 	Risk taking	
<ul style="list-style-type: none"> Opportunity exploring Entering to the new markets Launching new products into existing and new global markets Preplanning for product and market development 	Proactiveness	
<ul style="list-style-type: none"> Effective relations with customers and suppliers Problem solving orientation with firm's partners 	Relational skills	Networking Capability (NC)
<ul style="list-style-type: none"> Each region has its coordinator in the firm Trying to know customer's objectives and strategies in the foreign markets 	Coordination	
<ul style="list-style-type: none"> Awareness about customer's problems Awareness about customer's products and their needs Analyzing weaknesses and strengths of customers and competitors in the foreign markets Searching firm's partners situation in the markets 	Partner knowledge	
<ul style="list-style-type: none"> Formal and informal relationship between departments and related personnel's Inter-departments information exchange Alignment between commercial department and other departments especially production and R&D 	Internal communication	
<ul style="list-style-type: none"> Product delivering to the customers in right time 	Lead time	Adaptive Production Capability (APC)
<ul style="list-style-type: none"> Providing products based on different pharmaceutical pharmacopoeias (USP, JP, EP...) 	Providing demanded quality	
<ul style="list-style-type: none"> Delivering diversified demands with different quantities even emergently 	Flexible production	

We classified all noted specific factors into ten subcategories and three main groups as critical resources. The main three critical resources are entrepreneurial orientation (EO), networking capability (NC) and adaptive production capability. Each category has its own sub factors.

5-2-RQ2: What are the major patterns and variations of the critical resources (CR's) in course of time, and which ones have had the significant influences on the internationalization of the pharmaceutical SME?

Table 3 indicates the results of interviews in related to the resource's change during the time. The trend of changes shows the nature change of the resources over time.

Table 3: The forms of critical resources in the studied SME over time

Critical resources(CR's)	Forms of CRs in early years of internationalization	Forms of CRs in recent years of internationalization
Cheap raw materials and energy	<ul style="list-style-type: none"> • Cheap materials and energy as source of competitive advantage in foreign markets 	<ul style="list-style-type: none"> • During the time these tangible assets lost their value and are not specific assets
Entrepreneurial orientation(EO)	<ul style="list-style-type: none"> • Entrepreneurial behavior in the individual level • Only CEO took risks • Most of opportunities recognized by CEO 	<ul style="list-style-type: none"> • EO exists in different levels of the firm with internationalization orientation • Cooperation of departments to recognize the opportunities • New product and process development are done routinely • Risk taking by different departments • Innovation is encouraged in various levels of organization • proclivity and eagerness to entry to international markets among the employees
Networking capabilities(NC)	<ul style="list-style-type: none"> • Individual level relationship • Inside relationships and centralized coordination • CEO used the local networks to execute the projects 	<ul style="list-style-type: none"> • Business relationships(firm level relationships) • Regular inter-organizational relationships cooperation • Information interchanging • Monitoring of the customers and suppliers regularly • Discussing about the interactional support of the partners
Adaptive production capability(APC)	<ul style="list-style-type: none"> • High quality products • Inside- out approach 	<ul style="list-style-type: none"> • High quality products • Quality assurance of processes • High GMP • Flexible production • Providing demanded quality to foreign markets (USP, EP...) • Outside- in approach

The firm's specific resources were combination of tangible and intangible assets at the early years of internationalization of the company. The tangible assets was such as cheap raw materials and energy and the intangible assets included the entrepreneurial orientation of CEO, networking capability in individual level and production capability of high-quality products but the form of strategic resources changed because of changes in internal and external environment of the company and attainment of the new experiences.

The tangible resources of the company such as cheap materials and energy lost their strategic position several years after internationalization of the firm and in return the intangible resources like networking capabilities and adaptive production capability became the critical resources of the company.

Initially, the entrepreneurial orientation as an intangible resource was in the individual level but today the entrepreneurial orientation is founded in all levels of the company. One of the managers of the company states that

... CEO had absolute authority in early days of entry to international markets and he was responsible to recognize the opportunities in the foreign markets suggest the new ideas for developing of new products and processes and take the necessary actions to execute the proposal. For instance, CEO took decision about the production projects of the special product for the foreign markets and he personally pursued the execution of projects but today Alfa has changed and the CEO is not the sole responsible for recognizing of opportunities in other markets...Now, various departments of the company present the valuable suggestions to CEO ... At present Alfa has routine plan for innovation. Only CEO could take risk at the past but today various departments of the company can take risk...

Networking capability is another critical resource of the company. The interviews show that CEO or commercial manager was responsible for recognizing, keeping and managing the partners of the company. In

other words, this kind of the local and international relationships depended on the potential and skills of the CEO or commercial manager. The findings indicate that the individual management of the network relationships at the past has become the business networking capability over the time of internationalization.

One of the managers of the company states in related:

... Undoubtedly, nowadays penetration to the target markets is one of the important and specific assets of the company that is realized through the management of the business relationships. Inside and outside coordination and relationship of the company is performed routinely in the company which facilitate the export process of the company. We attained good skills in interaction with our business partners ... now we understand the language and demands of our customers and suppliers ... relationship management of partners has promoted our brand in the market...

The flexible or adaptive production capability is another important resource of the company. The company could produce only three to four high-quality products in the early years of internationalization process but today Alfa is enable to produce and export 17 products to the foreign markets and promote the processes in the production lines.

One of the mangers points out that:

... At past, our focus was on the production of high-quality products to fulfill the customers' demands but we took into consideration the quality of production process in addition to the final products quality over time. According to the good manufacturing practice (GMP) standards in the pharmaceutical industry, guarantee of product quality and the quality of production process is an essential factor in the API's markets...

5-3-RQ3: What are the impacts of identified critical resources on the internationalization of the pharmaceutical SME?

5-3-1-Entrepreneurial Orientation

The findings indicate the ingredients of the entrepreneurial behavior in various levels of the company. Initially, the CEO was responsible for internationalization of entrepreneurial behavior of the company. Now, the People have good adaptability. The market's opportunities are recognized, the company take risk in various levels to enter foreign markets. Innovation is emphasized on various levels of the company to follow associated activities of market, product and production. There is a kind of proactive for executing of new projects whether production of new products or entry to new markets. Further more, the trend of entry to foreign markets have become the common and comprehensive principal among the people in the company. The first Alfa's CEO says in this regard that:

... We imported our product to the strict markets of East Asia (such as Japan and...) through the European companies. After while the customers of European companies noticed that this high-quality product belongs to our company. Then we negotiated with the customers of East Asia's markets directly and they asked us to let them inspect our production line... We knew that we have to change some things according to their standards... We took a high risk and provided the production line of a product consistent to totally different standards of the East Asia markets within less than two months. The foreign customer inspected out production line and we could pass their standards...In fact, the risk enabled us to find a good situation in the

respective market and entry to that market promoted our credibility and brand...then it leads to enter to the other markets easily and quickly...

As refereed, in this case, not only there is innovation in the product development and processes, but also there is a kind of creative and initiative methods to entry to various markets which are risk taking. CEO says in this regards that:

... We chose different approaches for entry to some markets... We knew that the customers will not buy our products easily and we were not able to enter to those markets. We were sure of the quality of our products and we knew that we have a unique production process so that the rival companies can not imitate it easily... Thus, we provided our produced APIs at low price to the traders and even our competitors and they registered this product in various markets...They were skillful in registration of products which was our disadvantage in foreign markets... Their customers received well our product. Therefore, our product was sold at low price temporarily but instead it was registered in good foreign markets... We tracked our product through the market relationships and after awhile we informed to the customers that our company is the real producer of the high-quality products. Their production line had been dependent to our high quality products and hence we could overcome the obstacles and enter to other various foreign markets...

5-3-2- Networking Capability

As noted in the theory section, networking capability is the function of several factors that most of them have special role in the internationalization process of the studied case. The company considers its aims and desirability to reach to the necessary coordination and assess the inside and outside partners to see which one of them can help to attain that desirability. The ability to understand the partners' concerns is one of the important factors of the trading department. The company has appointed people as coordination officers for various departments to reach to its aims in target markets. Supporting of partners is one of the important priorities of the company.

The commercial manager point out that:

... We visit our customers regularly over year whether we travel to that country or visit them in the CPPI exhibitions in Europe, China and India through the necessary coordination...

The company is able to understand the customers' concerns and take into account the quality and packaging of the products and other demands of the customers. Moreover, good relationship with the customers is very important.

The commercial manager of the company says that:

... There is a motto in the management world that if you want to be a good fisher, you should know how the fish thinks. We always try to be in customer's shoes... Flexibility is an important principal in the market. We solved the customers' problems frequently in the company. If the shipment had a kind of defect, we sent it back at our expense or resolved the problem in some cases... In fact, we want to be adaptive with our customers...

Recognition of customers is another capability of the company in the global markets. Collecting information about the problems and weak and strong points of the customers, suppliers and competitors in the market is one of the important points in the company.

One of the commercial managers of the company says that:

... There is precise information about the products of our main customers, we know their weaknesses and strengths, we know that when they have shortage, we identify the strict regulations of our customers; we observe their production capabilities and limitations. Although, it is hard to find information about the rival companies but we monitor them during the informal relations...

5-3-3- Adaptive Production Capability

The study data indicate that the production capability has a central role in internationalization process of the company. Quality assurance and APIs production process are critical elements in the production capability. APIs can be demanded with different types of qualities in the pharmaceutical market. In this case, the company is able to produce a product with various qualities. Also, the company is able to produce and deliver the products to the customers as lead time. Furthermore, producing of various kinds of the products in family basket is another capability of the company.

Production manager says that:

... We have good potential to produce a product in various qualities. Some customers demand the product quality based on different kinds of pharmacopoeia such as EP, JP, USP or etc. moreover, quality assurance of production process accordance with the GMP regulations is an important factor in the APIs market... We had three to four products at the past and hence we had to look for potential customers... Today, Alfa is able to produce various kinds of products as demanded qualities of the customers in various global markets. Meanwhile, the company has potential to deliver even the emergency orders in the lead time... In short, now we are expert in flexible production...

One of the commercial managers said during the interview that:

... We could not influence on the various markets if we had not been able to do flexible production. Delivery of products with right quality and lead time is one of the the main demands of the customers in the foreign markets...

6- Discussion

Based on the case explanations, Alfa has experienced the rapid internationalization during a specific period of time because of three reasons which are fit with studies of Oviatt and McDougall (2005) and Casillas and Acedo (2012). First, Alfa has started its exports after four years of company's establishment time. Second, the number of countries to which it has developed its businesses considerably has been increased from three to twenty five countries. Finally, Alfa has increased its income from foreign markets by twelve times.

Findings of this study show that four specific resources such as cheap raw materials, EO, NC and APC have had effective role on the Alfa's internationalization. However, during the time tangible resources have lost their specific role and intangible resources have evolved and changed over the time.

The results reveal that high degree of EO in the various level of the firm has had significant effect on the internationalization of SME. There have been three dimensions of EO such as innovativeness, risk taking and proactiveness during the internationalization process (Covin and Slevin 1991; Lumpkin and Dess1996). Presence of high extent of EO as the source of competitive advantage has led to opportunities recognition

and exploitation as determinant forces of rapid internationalization. This result is in line with studies of Covin and Slevin (1998), Lumpkin and Dess (1996), Miller (1983), Zahra (1993), Ruokonen and Saarenketo (2009).

The existence of main elements of the networking capability have verified by respondents in this study. Relational skills, coordination, internal communication and partner's knowledge are the four main dimensions of NC. Understanding partners concerns together with the ability to access the market and partner's information and knowledge are the consequences of NC of this SME which have resulted to achieve its objectives in foreign markets. These facts confirm the studies of Wright et al. (2007), Covillo and Muro (1995) and Johnson and Vahlne (1990, 2009). As noted, in this case findings show NC has had substantial role in the process of opportunities recognition. Putting this effect along with high degree of EO in the firm can enhance the speed of internationalization which is consistent with findings of Knight and Cavusgil(2004) who believe the combination of distinctive EO and other resources and capabilities lead to exploiting of opportunities and leap in the foreign markets.

In addition, outcomes indicate that three elements of adaptive production capability such as lead time, providing demanded quality and flexible productions have played crucial role in the successful process of internationalization. This result is match with findings of Rangone (1999) and Andersen and Khem (1998) about the role of strategic resources in the process of SME's internationalization. Furthermore, these findings also are in line with studies of Leges et al. (2009) and Ghauri et al. (2003) who found that coverage quality standards as a source of competitive advantage in global markets can be led to high export performance.

As discussed above, all three intangible resources (EO, NC and APC) have a separate impact on the international of SME. Consequently, it can be resulted that the combination (the sum) and alignment of these three critical resources can also create more synergy to enhance rapid internationalization of studied SME.

Accordingly, based on above discussion the following theoretical model (Figure 1) can be suggested as the pattern of the internationalization of pharmaceutical B2B SME.

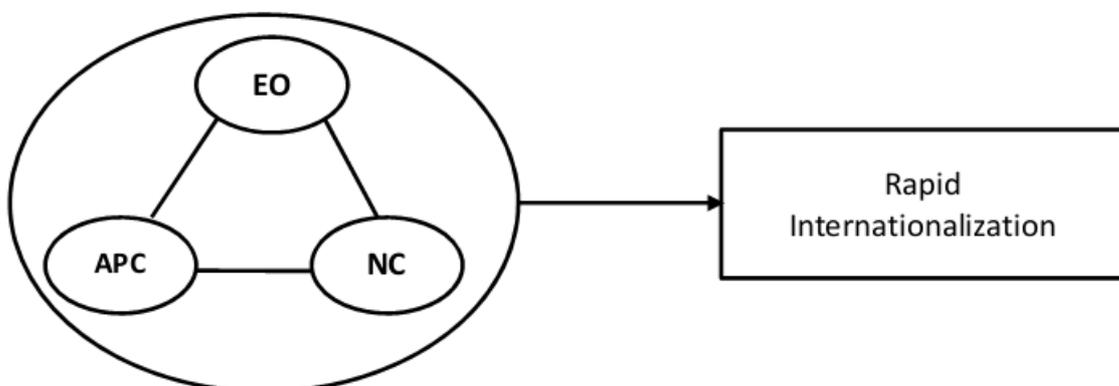


Fig 1: Theoretical framework for internationalization of SME.

7- Conclusion

The purpose of this study was to understand and explore the pattern of internationalization in a successful B2B Pharmaceutical SME in a developing country. RBV was used as the analytical lens in this research.

Three main critical resources and capabilities such as entrepreneurial orientation (EO), networking capability (NC) and adaptive production capability (APC) were identified as influential factors on the rapid internationalization of the targeted SME. However, the form of these three elements has evolved over time. For instance individual entrepreneurship has replaced by entrepreneurial orientation in the firm level incrementally during the SME's internationalization. Innovativeness, risk taking and proactiveness are following in several levels of the firm.

Similarly, individual relational skills during an evolutionary process have changed into inter-organizational relationships. In other word, individual networking capability has altered into the firm level networking capability. Furthermore, the direction of production capability has changed from inside-out into outside-in approach. This kind of evolution in the production capability has enabled this SME to be adaptive in terms of producing diversified products and demanded qualities by global market's customers. Although, each critical resources has an effective role on the rapid internationalization process but the effect of the combination of these three factors also should be considered as the collective force of internationalization of this SME.

There are some particular managerial and research implication in this investigation.

Research implications:

This research shows that some capabilities play crucial role in the SME's internationalization process, so, to achieve better insight, capability based view can be more considered within the resource based view. This study only was conducted in a single B2B pharmaceutical case which cannot be generalized. Hence, in order to make more generalize it can be followed by investigation on multi successful case studies in different types of contexts and industries in developing countries. In addition of qualitative research, quantitative studies also are suggested in this area. One of the most significant consequences of this study was about evolution of critical resources and capabilities over the time of SME's internationalization. To find that how these evolutions have been taken place, complimentary researches are recommended.

Managerial Implications:

From managerial point of view numerous useful outcomes can be drawn. This study shows that the intangible resources have effective role on the firm's internationalization process. For instance managers should be aware that how EO, NC and APC impact firms for being internationalize. This awareness can be led to better improvement of mentioned capabilities and resources in the firm. Synergy creation by combination of EO, NC and APC to enhance better situation in the global markets is another significant result from this research which managers need to pay attention.

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