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Article abstract

Early Internationalising Firms (EIFs) are companies that rapidly expand internationally and achieve a high growth rate over time. Nevertheless, they are impacted by several constraints when it comes to maintaining their trajectory. Research can support these EIFs by promoting a better understanding of their trajectory through the dynamic capabilities approach, which can explain how firms sustain themselves in uncertain and dynamic markets. Thus, in this article that explores 8 EIF cases, we propose a model based on the microfoundations of dynamic capabilities to better understand the international growth of EIFs.

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ABSTRACT

Early Internationalising Firms (EIFs) are companies that rapidly expand internationally and achieve a high growth rate over time. Nevertheless, they are impacted by several constraints when it comes to maintaining their trajectory. Research can support these EIFs by promoting a better understanding of their trajectory through the dynamic capabilities approach, which can explain how firms sustain themselves in uncertain and dynamic markets. Thus, in this article that explores 8 EIF cases, we propose a model based on the microfoundations of dynamic capabilities to better understand the international growth of EIFs.

Keywords: Internationalisation speed, High growth, Early internationalising firms, Dynamic capabilities, Microfoundations

Résumé

Les entreprises à internationalisation rapide et précoce (EIRP) sont des organisations qui génèrent un taux de croissance important et s'étendent rapidement à l'international. Néanmoins, pour suivre cette trajectoire, ces entreprises font face à un nombre important de contraintes. La communauté scientifique encourage donc une meilleure compréhension de leur parcours à l'international grâce à l'approche des capacités dynamiques (CDs). Les CDs peuvent aider à comprendre comment les entreprises se maintiennent sur des marchés incertains et dynamiques. Ainsi, en explorant huit cas d'EIRP, nous proposons une modélisation basée sur les micro-fondations pour comprendre la forte croissance internationale des EIRP.

Mots-Clés : Vitesse d'internationalisation, Forte croissance, Entreprise à internationalisation rapide et précoce, Capacités dynamiques, Micro-fondations

Resumen

Las Empresas de Internacionalización Temprana (EIT) son organizaciones que generan un alto índice de crecimiento y se expanden rápidamente a nivel internacional. Sin embargo, para seguir esta trayectoria, estas empresas se enfrentan a una serie de limitaciones. Por ende, la comunidad científica promueve una mejor comprensión de su trayectoria internacional a través de las capacidades dinámicas (CD). Las CD pueden ayudar a entender cómo se sostienen las empresas en mercados inciertos y dinámicos. Así, explorando ocho casos de EIT, proponemos un modelo basado en los Micro fundamentos de las Capacidades Dinámicas para entender el fuerte crecimiento internacional de las EIT.

Palabras Clave: Velocidad de internacionalización, Alto crecimiento, Empresa de Internacionalización Temprana, Capacidades dinámicas, Micro fundamentos



Early Internationalising Firms (EIFs) are an increasingly relevant subject as their number has sharply grown over the last 30 years (Cavusgil and Knight, 2015). Today, they represent around 12% of new firms, and they clearly represent a new challenge for small countries in a globalised economy (Eurofound, 2016). Nevertheless, despite numerous studies about the entrepreneur's role (McDougall, Oviatt and Shrader, 2003; Javalgi and Todd, 2011) and the inception stage (Rialp, Rialp and Knight, 2005; Aspelund, Madsen and Moen, 2007), some challenges remain in fully understanding the international high-growth trajectory of these firms (Romanello and Chiarvesio, 2019).

Indeed, it remains difficult to understand the dynamics at play in these companies since their growth seems to follow a dynamic and discontinuous path (Hilmerston and Johanson, 2020). When we look at the theory, one approach can help us to clarify the dynamics at work: dynamic capabilities. Dynamic capabilities have been found to enhance organisational agility (Teece, Peteraf and Leih, 2016) and support firms in reconfiguring their bundle of resources (Easterby-Smith, Lyles and Peteraf, 2009; Prange and Verdier, 2011; Schilke, Hu and Helfat, 2018). Nevertheless, despite numerous studies, it remains unclear what is behind these dynamic capabilities (Peteraf, Di Stefano and Verona, 2013). Therefore, Teece (2007) recommends a more micro-level study of their foundations (Coleman, 1990), as this would offer a more comprehensive framework to explain these meta-capabilities. Using this microfoundations view (MFV), we aim to capture and build a more integrative view of the overall process of dynamic capabilities, in particular throughout the EIF international high-growth trajectory.

As of now, no studies have linked the microfoundations of dynamic capabilities with the international growth of EIFs. Therefore, throughout this article, we strive to explore the links that might exist between these two concepts. Our main objective is to build a framework that represents the key factors explaining the international growth of EIFs. From a managerial perspective, understanding the main drivers that enhance firms' sustainable international growth can help managers to identify core capabilities and help governments to propose more appropriate policies to support Early Internationalising Firms and thus reduce their failure rate. Our research question is thus: *What are the microfoundations of dynamic capabilities that determine the international growth of EIFs?*

Throughout this paper we provide a new perspective on the factors (capabilities and mechanisms) influencing EIF post-entry growth. To this end, we analysed 8 EIFs located in the Brittany region in France. We explored the possible links between the microfoundations of dynamic capabilities and the EIFs' international growth. First, at the individual level, we identify the existence of several enablers that help those firms to overcome market constraints and capture new opportunities. Then our study reveals the existence of 9 microfoundations within sensing, seizing and transforming capabilities and thus sheds light on the internationalisation processes of EIFs.

Our paper is structured as follows. First, we review the theoretical background of the early internationalisation pattern. We then present our methodology. Third, we introduce our main findings and discuss the role of key microfoundations on EIF internationalisation growth. Finally, we describe the limitations of this work that could lead to new research avenues. In particular, continuing in this direction, we encourage to find how these microfoundations are interrelated. This article thus makes theoretical contributions to international entrepreneurship through the still unexplored question of the evolutionary dynamics of EIFs as well as to strategic management since we draw upon the microfoundations of the dynamic capacities analysed in the specific context of EIFs.

Early internationalising firms: what do we know so far?

In this section, our purpose is to present the main concept behind our reasoning. The first part aims to bring insight into what international growth of EIFs means, the state of the literature and gaps in the theory. The second part is dedicated to the microfoundations of dynamic capabilities and how they could explain the international trajectory taken by those firms after their first entry.

International Growth of EIFs

Early Internationalising Firms (EIF) is a term introduced in the late '90s (Madsen and Servais, 1997). Traditionally, EIFs have been defined as "firms which become international, through export or any other entry modes, in their first three years of life" (Zucchella, Palamara and Denicolai, 2007, p. 268). These firms and the way they rapidly internationalise have disrupted the traditional international expansion path initially described in the international business literature (Knight and Liesch, 2016; Rennie, 1993; Madsen, Rasmussen and Servais, 2000; Bell, MacNaughton, Young and Crick, 2003; McDougall, Oviatt and Shrader, 2003). Those firms do not follow the stage model described by Johanson and Vahlne (1977). They tend to both experience a quicker international expansion and generate better performance compared to traditional exporters (Romanello and Chiarvesio, 2019).

Scholars have taken a particular interest in studying the international growth trajectory of EIFs (Prashantham, Kumar, Bhagavatula, Sarasvathy, 2019). This strong international growth has been mainly explained through the notion of internationalisation speed (Prashantham and Young, 2011). Many definitions have been suggested. However, researchers now tend to present internationalisation speed as a multidimensional concept (Oviatt and McDougall, 2005; Casillas and Acedo, 2013; Chetty, Johanson and Martin, 2014). Thus, internationalisation speed is broken down into three criteria: (1) The speed of internationalisation growth, which corresponds to the proportion of company sales growth generated by its international branches during a specific period, (2) The speed of change in the commitment of foreign resources, which corresponds to the

company's assets deployed abroad during a period of time, and (3) The speed of the increase in breadth of international markets, which corresponds to the increase, over time, of countries (including variety and distance) where a company is active. Recently, Hilmersson and Johanson (2016) operationalised this concept, showing the relevance of these criteria.

Furthermore, within this literature, we can build on research explaining EIF post-entry growth. These articles emphasise the growth pattern of these companies and how they generate their long-term growth (Romanello and Chiarvesio, 2019). Indeed, it seems their post-entry success is linked with the firms' capability development (Romanello and Chiarvesio, 2019). Prange and Verdier (2011) build a model that argues that the firm's international performance is influenced by both exploitative and explorative capabilities. In fact, absorptive capabilities, social capital and knowledge accumulation seem to sharply influence the firm's internationalisation path (Prashantham and Young, 2011). Hagen and Zucchella (2014) go further and emphasise that entrepreneurial openness and effective organisational learning are the key drivers of long-term growth. In the same way, Romanello and Chiarvesio (2017) argue that there is a turning point during which entrepreneurs transform individual capabilities into a collective knowledge base. They show that these companies experiencing growth cycles lead through innovation.

However, despite these attempts to explain EIFs' progress, there is still no clear explanation for the international growth of EIFs. Thus, scholars recommend building an integrative framework that may make it possible to describe the success factors of these firms a few years after their first entry (Romanello and Chiarvesio, 2019). Indeed, after using the resources-based view in the early stages of this research stream, researchers now encourage the use of the dynamic capabilities approach to understand EIF post-entry growth (Prange and Verdier, 2011; Prashantham and Young, 2011; Hagen and Zucchella, 2014). Meanwhile, the microfoundations approach has been used in research in other areas to explain trajectories through the dynamic capabilities' framework. Thus, we are encouraged to look forward in order to gain relevant insight into EIFs post-entry growth.

The microfoundations of dynamic capabilities for analysing EIFs' international growth

Given that EIFs often operate in an uncertain and dynamic environment, the dynamic capabilities approach may provide relevant insight in explaining these firms' international trajectories (Hagen and Zucchella, 2014; Romanello and Chiarvesio, 2019). In fact, dynamic capabilities lead to routines that help companies adjust to a dynamic and uncertain environment (Teece, Pisano and Shuen, 1997). In this process, dynamic capabilities increase firms' agility (Teece *et al.*, 2016) by developing and reconfiguring their resources and capabilities (Easterby-Smith *et al.*, 2009; Prange and Verdier, 2011; Schilke *et al.*, 2018).

Nonetheless, this concept of dynamic capabilities is not easy to capture, as these capabilities are tacit and developed along the firm's trajectory (Versailles and Foss, 2019); there are thus several methodological gaps in capturing dynamic capabilities (Peteraf, Di Stefano and Verona, 2013). In response to those gaps, Teece (2007) offers a new model that details the nature of dynamic capabilities and how they can be broken down into elements: microfoundations. Therefore, recent literature has encouraged

the use of the microfoundations view (MFV) to deepen our understanding of the EIF growth trajectory (Nguyen and Mort, 2020; Liu, Collison, Cooper, Baglieri, 2021; Faroque, Morrish, Kuivalainen, Sundqvist and Torkkeli, 2021).

Microfoundations find their roots at the individual level (Abell, Felin and Foss, 2008): Microfoundations are the "underlying actions on individual and group levels that shape strategy and organisation, as well as dynamic capabilities, leading to the emergence of superior organisation-level performance" (Bojesson and Fundin, 2021, p. 5). In fact, the MFV aims to explain collective constructs, such as routines and capabilities, through interactions between individuals (Felin, Foss, Heimeriks and Madsen 2012; Barney and Felin, 2013). The MFV thus seems suitable in linking individual-level interactions with the firm's evolution within its environment. It therefore explains how organisations reach "evolutionary fitness" over time (Teece, 2007), and allows a better representation of the firms' "drivetrain" (Di Stefano, Peteraf and Verona, 2014). In the context of dynamic capabilities, the MFV makes it possible to capture and build a more integrative view by linking the individual and organisational levels (Abell *et al.*, 2008). This approach seems particularly relevant because it makes it possible to understand more precisely how firms renew their knowledge and generate a specific competitive advantage (Abell *et al.*, 2008).

In fact, using a multi-level analysis may highlight the factors supporting EIFs' international trajectories and thus improve our understanding of EIFs' international growth. Our intuition is supported by the fact that recent studies on different subjects than ours, for example in the areas of spin-off generation (Laviolette, 2019), digitisation (Warner and Wäger, 2019) and the circular economy (Khan, Daddi and Iraldo, 2020), have developed a more grounded theory on the MFV. Our research thus applies the MFV in order to better capture the microfoundations underlying the dynamic capabilities concept. Moreover, these studies make relevant research contributions as they clarify the first model presented by Teece (2007), which had not been empirically tested. Thus, today we can benefit from this interesting methodological work to highlight which microfoundations of dynamic capabilities are present along the path to international growth. Thus, these studies have led us to our research question: *What are the microfoundations of dynamic capabilities that determine the international growth of EIFs?*

Methodology

To respond to our research question, we apply an inductive research approach supported by multiple case studies in order to make generalisable findings (Eisenhardt, 1989). Indeed, the multiple case study is the most recommended approach for identifying dynamic capabilities as they are embedded in a firm's routines and processes (Khan *et al.*, 2020). Thus, we first analysed each case in order to understand how the microfoundations of dynamic capabilities materialised. We then compared the cases to identify the common points and differences between those cases. Finally, we analysed our findings to know how they might contribute to further theoretical development (Glaser & Strauss, 1967).

Data collection

Our analysis is based on semi-structured interviews carried out with 8 companies located in the Brittany region of France. These companies were selected from clusters focused on the ITC sectors and the marine industry. These industries have been located in this area and belonged to the economic landscape of the region for a long time.

The firms' age ranged from 3 to 30 years, with different industries represented. Most of the firms are software and digital companies, but some of them are industrial or part of the food and beverage industry. They all sell knowledge-intensive products. The characteristics of the sample can be seen in Table 1.

As recommended by Romanello and Chiarvesio (2019), we chose these firms using the definition given by Zucchella *et al.*, (2007): SMEs that have internationalised three years after inception and have quickly generated revenue abroad (almost all of them are present in markets outside the European Union). In order to observe the dynamics around their strong international growth, we selected companies that recently generated high growth rates. Thus, we follow the definition given by the OECD: "All enterprises with an average annualised growth greater than 20% per annum, over a three-year period should be considered as high-growth enterprises. Growth can be measured by the number of employees or by turnover" (Petersen and Ahmad, 2007, p. 3). Thus, we ended up with an interesting sample of companies that can be analysed through the previously discussed criteria of international speed trajectory: The speed of internationalisation growth, the speed of change in the commitment of foreign resources and the speed of the increase in breadth of international markets (Hilmersson and Johansson, 2016). From this point, we isolated a 3-year period in order to look at the international post-entry growth of the EIFs. All of this information is in Table 2.

Data collection lasted 7 months (November 2020 to March 2021) and included data collection preparation, field interviews, direct observations, secondary data collection and transcription activities. We collected multiple sources of data (articles, websites, interviews, official records, etc.) and interviewed another employee, when possible, in order to triangulate our results (Denzin and Lincoln, 2011). We also had conversations with support organisations like BPI France (*Banque Publique d'Investissement*) and *Bretagne Commerce International* (Brittany International Commerce) in order to complete the data collection. We summarise this data collection in *Appendix 1*.

As it is standard for inductive research (Eisenhardt, 1989), our study is mainly supported by semi-structured interviews. We aimed to interview the founders and one of their employees. In total, our sample consisted of 15 semi-structured interviews (8 founders and 7 employees). The basic model for each interview was to interview one person with a business/administration background and another person with a more technical background. Each interview ranged from 30 to 90 minutes. All interviews were recorded (580 minutes; 149 pages of transcription). Our semi-structured questionnaire was structured into 3 main parts: The first part concerns the entrepreneur, the firm's entrepreneurial journey and the current market conditions. The second part includes questions about the firms' sensing, seizing, and transforming capabilities as presented in Teece (2007). The third part concerns the processes and routines applied to capture the microfoundations.

We focused our interviews on making sense of the microfoundations of dynamic capabilities in the case of EIF international growth (Gioia, Corley and Hamilton, 2013). First, we used secondary sources (websites, interviews of founders available on the internet, etc.) to create a timeline for each firm, tracing major events and achievements over the time. Second, during the interviews with the founders or managers, and after having first discussed the firms' entrepreneurial journey and the current market conditions, we discussed the events of interest in the secondary sources. Thus, we clarified how they built their strategy over the previous 3-year period (Gioia *et al.*, 2013). Third, the second interview (with a key employee), focused on changes that the company faced over the last few years. We also tried to obtain as many concrete examples of their internationalisation practices as possible, the initiatives they took or the problems they faced, in order to better capture how these dynamic capabilities were reflected in the firms' routines or processes. This part was particularly interesting when done with the engineers or people with a technical background. Indeed, most of the time they gave us clearer visions of processes and routines than did those with a business or administration background. During that part we gathered a lot of information about how the firm behaved.

TABLE 1
Characteristics of the Sample

Name	Size	Turn-Over	Industry	Inception Date	1st Internationalisation Date	Share Of Turn-Over Generate Abroad	Average Growth Rate	Entry Mode	Country Scope
FOODTECH	11	3	FOOD&BEVERAGE	2016	2016	66%	32%	EXPORT	ITALY, SPAIN, ENGLAND, MALAYSIA, THAILAND, UNITED STATES AND BRAZIL
WEB&SPORT	12	2,6	E-COMMERCE	2010	2012	30%	33%	EXPORT	SPAIN, UK
BOAT&CO	16	0,5	ENGINEERING	2015	2017	50%	100%	EXPORT	EUROPE - OCEANIA - UAE
WEBCOM	35	1,6	SOFTWARE	2013	2016	35%	50%	SUBSIDIARY	ITALY, UNITED STATES, GERMANY
WATERTECH	40	9,5	ENGINEERING	1989	1989	80%	20%	EXPORT	ASIA, NORTHERN EUROPE
GREEN&CO	55	4,5	FINANCIAL SERVICE	2019	2019	5%	100%	SUBSIDIARY	DENMARK GERMANY, UK, NORWAY, SWEDEN, FINLAND, NETHERLANDS
BUILDTTECH	60	3,6	SOFTWARE	2011	2014	20%	53%	SUBSIDIARY	UNITED STATES, CANADA, UK, UAE
COMTECH	230	N-C	SOFTWARE	2010	2013	50%	100%	SUBSIDIARY	GERMANY, UK, SPAIN, UNITED STATES

TABLE 2
International growth characteristics

	FOODTECH	WEB&SPORT	BOAT&CO	WEBCOM	WATERTECH	GREEN&CO ¹	BUILDTECH	COMTECH
STUDIED PERIOD ²	2017-2019	2018-2020	2018-2020	2017-2019	2017-2020	2019-2021	2017-2019	2017-2019
Speed of international commercial intensity								
SHARE OF TURN-OVER GENERATE ABROAD ³	66%	30%	50%	35%	80%	5%	20%	50%
Δ INTERNATIONAL TURN-OVER N / N-3 ⁴	100%	100%	100%	100%	50%	100%	100%	N-C
EQUIVALENT IN VOLUME OF EXPORT SALES (000k) ⁵	1000k	780k	250k	560k	3800k	200k	790k	N-C
Speed of breadth of international markets								
Δ NUMBER OF MARKET IN EU ⁶	+3	+2	-	+2	-	+5	+1	-
Δ NUMBER OF MARKET OUTSIDE EU ⁷	+4	-	+1	+1	-	-	+1	+1
Speed of change in the commitment of foreign resources								
Δ EMPLOYEE	175%	50%	66%	75%	8%	27%	-	10%
EFFECTIVE NUMBER OF Δ EMPLOYEE	+7	+3	+6	+15	+3	+12	-	+21
Δ SUBSIDIARIES ⁸	-	-	-	+2	-	+1	+1	+1
INITIAL NUMBER OF SUBSIDIARIES ⁹	-	-	-	-	-	-	+1	+3

Data analysis

The data collected through interviews, documents and direct observations were analysed using a qualitative and inductive approach (Gioia *et al.*, 2013) and manual coding process. We used Atlas.ti-9 software to classify the main conceptual patterns across our primary and secondary sources of data. We began by organising the data related to the environment; the companies' characteristics; and the sensing, seizing and transforming capabilities into fragments (Miles and Huberman, 1994). All this represents the first-order category. As it was coded, we realised the first analysis of the EIFs' microfoundations. During this part we distinguished elements relating to how the firms react to their environment, for example, experiential learning, use of lean start-up methodology or continuous improvement. Some of these elements show clear process links with the

lean start-up methodology. Therefore, we carried out a data reduction by gathering the similarities and differences found among our cases. Thus, the data related to the first-order concept were reorganised into broader categories (Miles and Huberman, 1994). We then reread and recoded the data according to the evolution of our understanding (Denzin & Lincoln, 2011). Finally, based on this data reduction, we carried out a cross-case analysis to look at the similarities and differences among the cases (Eisenhardt and Graebner, 2007).

To summarise, through this method, we aimed to aggregate first-order concepts into second-order themes related to the dynamic capabilities' framework (Gioia *et al.*, 2013). In total, the data was recoded three times, resulting in 26 codes. During this process we moved from the data to the literature in order to better understand the microfoundations of the firms' dynamic capabilities. This process resulted in the constitution of nine second-order themes. This dimension represents the key microfoundations of the dynamic capabilities that influence the EIFs' international growth. In Figure 1 below, we present the data structure (with the first-order concepts, the second-order themes and the aggregate dimensions):

From data structure to an integrative model

Thanks to our analyses and the data structure, we have created an inverted pyramidal model that shows the interrelationship between the microfoundations identified in international post-entry growth and thus explains the interplays that favour international growth in the EIFs. In fact, the data in Figure 1 emphasise the various theoretical components, but do not show how they are related. This is the aim of the Figure 2.

1. For this company we based our reflexion on the growth generated by the speed of breadth of international markets and the speed of change in the commitment of foreign resources as GREEN&CO deployed a specific Business Model.

2. STUDIED PERIOD: Period analyzed during the interview.

3. SHARE OF TURN-OVER GENERATE ABROAD: Percentages of sales generated abroad at the end of the period.

4. INTERNATIONAL TURN-OVER N / N-3: Variation in the sales generated abroad during the period.

5. EQUIVALENT IN VOLUME OF EXPORT (000k): Equivalent in 000k €

6. Δ NUMBER OF MARKET IN EU : Number of market entries realised in Europe during the period.

7. Δ NUMBER OF MARKET OUTSIDE EU : Number of market entries realised outside Europe during the period.

8. Δ SUBSIDIARIES : Number of subsidiaries created during the period.

9. INITIAL NUMBER OF SUBSIDIARIES: Number of subsidiaries owned at the beginning of the period.

FIGURE 1
Data structure

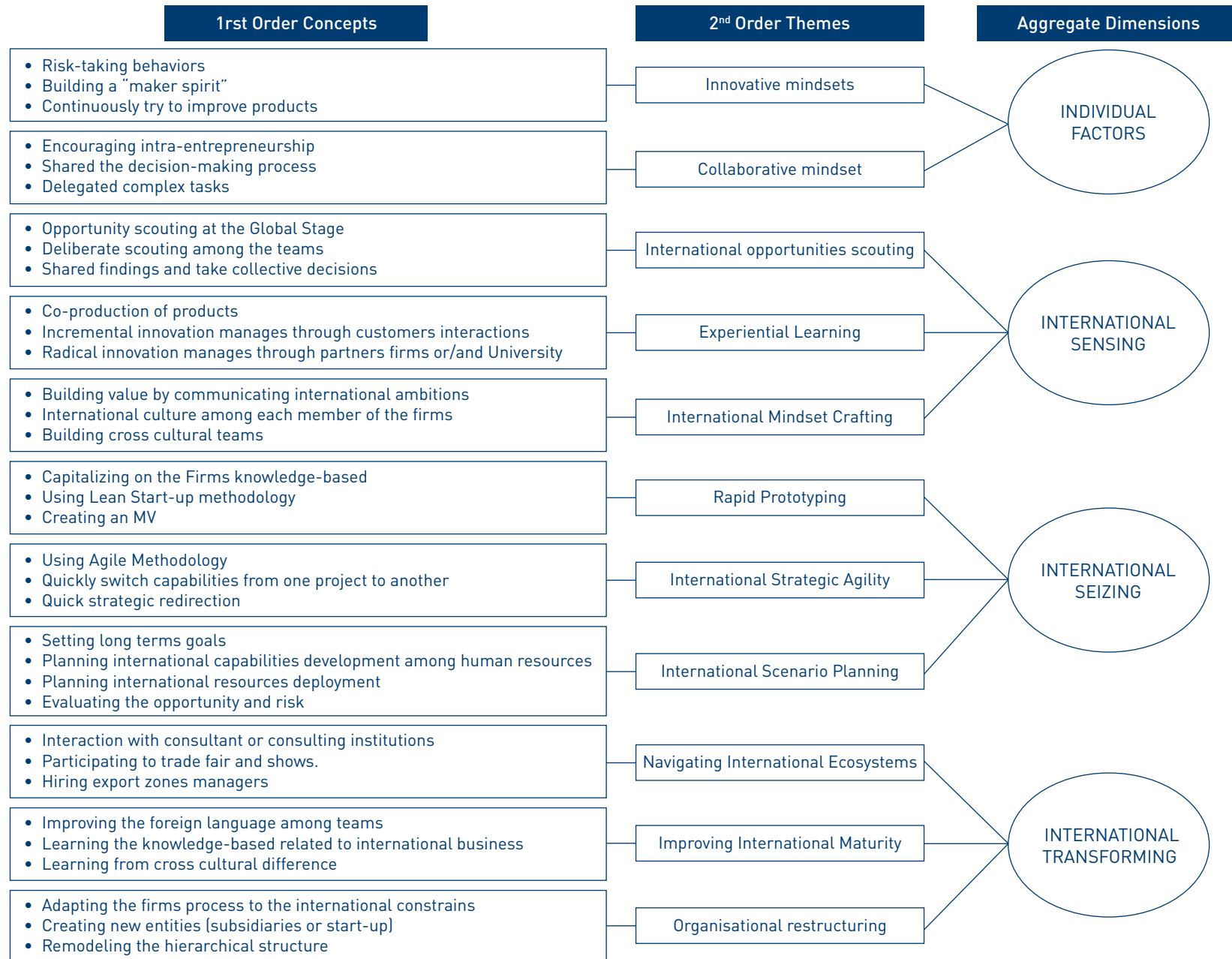
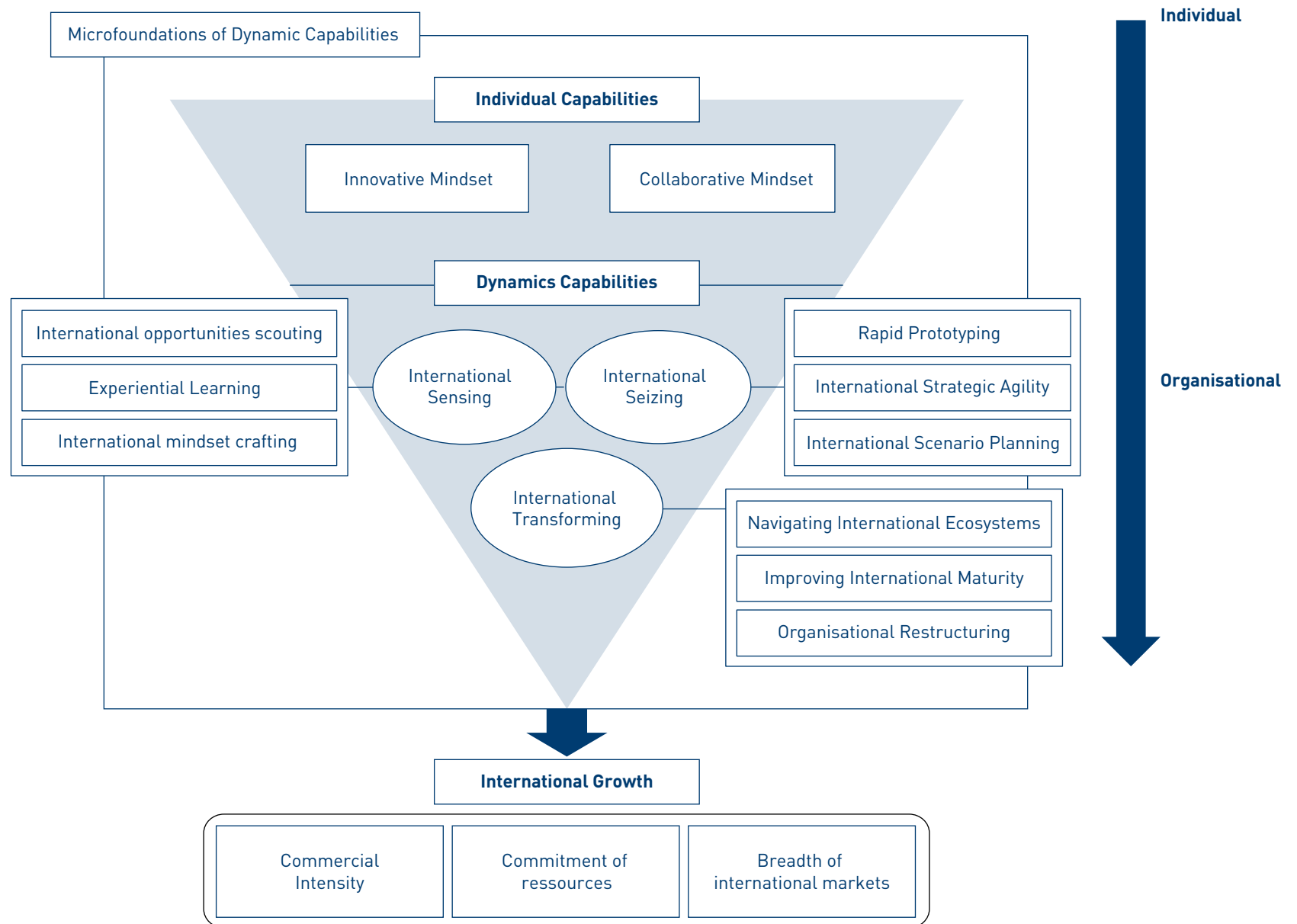


FIGURE 2
Pyramidal model of EIF international post-entry growth



Findings

In this part, we provide further insight and illustrate our integrative model to respond to our research question: *What are the microfoundations of dynamic capabilities that determine the international growth of EIFs?* First, we present the individual factors that support capability building. We then detail the microfoundations of international sensing, seizing and transforming capabilities and finally, we show how they are linked to the international growth of EIFs. Further verbatim quotations that support our findings are presented in Appendix 2 and are related to the following code (ex: “IM1”); Appendix 3 offers an inter-case comparison of the presence of microfoundations.

Individual capabilities: the breeding ground for the emergence of dynamic capabilities

Dynamic capabilities are supported by individual factors that represent individual levels and allow EIFs to reach evolutionary fitness over time. These individual factors are: (1) the innovative mindset and (2) the collaborative mindset.

The innovation mindset

The innovative mindset plays a key role in the emergence and enhancement of dynamic capabilities. Indeed, EIFs build an innovation-oriented culture (**IM1**). These organisations always strive to generate better products or disrupt the market, not only for themselves, but also for their clients. An innovation culture is an essential condition in internationalisation due to the complexity of the dynamic environment. Indeed, according to Cavusgil and Knight (2015: 10) “A strongly innovative nature seems to support these businesses in forming particular types of knowledge, which drives the development of organizational capabilities that support early internationalization and superior performance in diverse international markets”. Thus, in our cases, every employee understands the notions of agility, iteration, and continuous improvement, which help create new knowledge and new organizational capabilities, which will in turn support the firm’s international growth. This understanding comes mainly from the founders, whose backgrounds often include R&D experience and who consider innovation to be the main part of their work (**IM2**).

The collaborative mindset

The second factor that enhances dynamic capabilities microfoundations at the individual level is the collaborative mindset (**CM1**). Indeed, many EIFs in our sample encourage a collaborative mindset, as they consider decision-making to be a collective action (**CM2**). Thus, seizing opportunities is encouraged throughout the organisation, and many of the founders consider every employee a fully-fledged “entrepreneur” (**CM3**). In fact, they consider their expertise to be limited and feel that they do not have a complete vision of the problems faced by the firm. Therefore, they trust all their employees, who are assumed to be experts in their domain, to lead projects and make the right decisions. Individual responsibility is thus a key value in the group. In this process, communication is important, as it enables long-term goals to be set and creates objectives for the whole team. This notion of collaborative mindset is present throughout the EIF literature. Indeed, in a recent article, Weerawardena, Mort and Liesch, (2019) show that employees of EIFs generate *collective sense making* in order to operationalise the firm’s strategic choices and thus succeed abroad.

We will now move from the individual level to the examination of the microfoundations of dynamic capabilities related to international sensing, seizing and transforming.

International sensing capabilities in the EIFs’ international growth

Sensing capabilities can be defined as the recognition of a new opportunity that can lead to a firm’s reconfiguration (Teece, 2012). Our results show the relevance of international sensing capabilities, which are divided into three subcategories: (1) international opportunity scouting, (2) experiential learning and (3) international mindset crafting.

International opportunity scouting

The first element involves international opportunity scouting. EIFs, due to their international statutes, seem to consider the international context more as a source of opportunities than a threat. In fact, due to their activities, they consider scouting opportunities on the global stage as a unique choice. As their markets are global by nature, there is little interest for them to only focus on the French market to keep up with the trends. However, because opportunity scouting involves a great deal of work, as EIFs are evolving within an “uncertain and dynamic environment” (Teece *et al.*, 1997) due to market diversity and consumer trends. (**IOS1**). Therefore, these firms consider opportunity scouting to be a practice that must be collectively constructed and realised (**IOS2**). Most of the CEOs encourage deliberate scouting among their teams: scouting cannot be dictated from above but needs to be done naturally out of curiosity, without external incentives (**IOS3**). Through these actions, EIFs gain resilience and can quickly react to their market’s opportunities.

Experiential learning

Our second element of international sensing capabilities is experiential learning. Experiential learning can be defined as the firms’ interactions with external actors during their market research to improve their products through feedback from clients, partners, suppliers or institutions (Khan *et al.*, 2020). Most of the firms interviewed try to generate knowledge and enhance innovation through close partners or with a special relationship with clients (**EL1**). Indeed, being close to their partners or clients allows them to offer better products and respond to market demand. Experiential learning is important for innovation: Most of the time, incremental innovation in the firm’s market positioning comes from interactions with customers. Radical innovation (e.g., for strategic positioning) occurs when EIFs get involved in research programs with partners or institutions (**EL2**). Quite frequently, international opportunity scouting and experiential learning are linked (**EL3**).

International mindset crafting

As EIFs evolve within an international environment, we obviously find an important characteristic already discussed in the literature: their mindset (Hagen and Zucchella, 2014). But beyond the entrepreneurial mindset, our results point to the notion of mindset crafting. Indeed, continuously building an international culture among the teams turns out to have an important role as it allows EIFs to correctly capture information. This mindset needs to be “crafted” because, as has been described in the literature (Romanello and Chiarvesio, 2019), the culture starts from entrepreneurial ambition and needs to be shared with employees (**IMC1**). Thus, building a strong international culture is a long process that evolves along the EIFs’ international trajectory.

International seizing capabilities during the EIFs’ international growth

Seizing capabilities refer to how quickly organisations can respond to opportunities and threats (Teece, 2012). Our analysis shows that international seizing capabilities are broken down into (1) rapid prototyping, (2) international scenario planning, and (3) international strategic agility.

Rapid prototyping

As already explained, most of our firms are in high-tech sectors or sell knowledge-intensive products. During the interviews, a large majority of the CEOs explained that marketing those types of products was not easy because they needed to fully take advantage of the product knowledge base in order to make the firm's initial investment in R&D profitable. Thus, these EIFs tried to capitalise on this knowledge base by making their initial products and capabilities shift according to the market they were targeted to. They offered a range of the initial product, often in very specific variations, to adapt to customer needs and any cultural differences (**RP1**). To that end, they seem to have developed internal mechanisms, built upon the lean start-up methodology, that helped them to quickly prototype (Minimum Viable Products) and test these products on the markets. Thus, they could have quick feedback and save time and money.

International strategic agility

To support these processes, firms seem to develop great flexibility to respond to international demand. In fact, the international development of one firm is composed of many interruptions and setbacks, as market conditions are never the same and the situation is uncertain. Thus, these EIFs seem to develop mechanisms to overcome their market constraints. For example, they can intuitively switch their resources from one project to another or accept redirections and changes, etc (**ISA1**). This way of behaving leads them to seize new opportunities or react quickly to serious threats by testing new resource combinations and quickly adapting to the international clients' demand (**ISA2**). Thus, international strategic agility appears as essential not only for internationalisation but also for a high-growth dynamic, as this agility helps the firm to follow market trends.

International scenario planning

At the same time, these firms developed plans for their internationalisation which may seem paradoxical. Indeed, the founders often express their views and ambitions about internationalisation. They consider internationalisation a "long-term" goal that needs to be planned and thought out (**ISP1**). Indeed, some of them told us that internationalisation is the most complex operation to lead. Even though these companies are "agile", they also know how to make plans and set long-term goals for their internationalisation. This planning mainly concerned links to business activities. They need to anticipate what countries to target when, what human resources they need to allocate and the strategic information they need to obtain (**ISP2**). By setting this information within a timeframe, EIFs set goals to reach and thus enhance their international activities.

International transforming capabilities during the EIFs' international growth

Transforming capabilities can be defined as the continual renewal of the firms' activities (Teece *et al.*, 2016). Our results revealed three microfoundations that formed their international transforming capabilities: (1) navigating international ecosystems, (2) improving international maturity and (3) organisational restructuring.

Navigating international ecosystems

Throughout our interviews, and in line with the literature, we noticed that EIFs were developing their international activities with the help of partners (consultants, governmental organisations, MNEs, foreign universities). In fact, using a strong international network allows EIFs to reduce cultural and institutional distance. Through these international

partners, the firms gain access to knowledge about their target countries like regulations, market conditions, events, etc (**NIE1**). More specifically, thanks to their networks, EIFs are able to meet the right contacts at the right time and thus get the right information about a specific opportunity (**NIE2**). This is crucial and allows them to stay ahead of the game and generate a competitive advantage. To conclude, all of the firms consider the development of a strong network over time to be a cornerstone of their internationalisation process as it leads to fast market entry as well as high growth enhancement.

Improving international maturity

Our results show that EIFs all have the objective to add new international capabilities over time. Adding international competencies may allow employees to better follow EIFs' international operations (**IIM1**). Indeed, the "high international growth" dynamic strongly impacts the firm's routines and process, and quickly concerns all of the firms' operational and technical activities. For example, as the activity of the EIF grows, employees have to deal with more foreign emails, respond to international customers' complaints, plan many international shipments, etc. Thus, if people are not aware of the specifics of international business, or cannot communicate properly with their clients, partners or suppliers, it will handicap the whole organisation and slow down the firm's international activities. One of the main gaps mentioned was language. To bridge this gap, the firms try to draw on people who speak foreign languages and/or have previous international experience in order to not only speak with customers but also include cultural codes. Meanwhile, some of them are directly building cross-cultural teams to address several markets internally and not be hindered by cultural distance. Therefore, improving international maturity seems to be crucial for sustaining the EIFs' expansion. Here is a counterexample to show that EIFs understand that improving international maturity is important to capture and keep market share and that mistakes can be disastrous (**IIM2**).

Organisational restructuring

Organisational restructuring seems to be the key point of the dynamic EIFs engage in. In fact, as they move into a dynamic and uncertain environment due to their internationalisation, these firms need to adapt their structure to market constraints (**OR1**). To respond to these constraints, they must change their processes or even create new entities to coordinate their activities around the world (e.g., for new subsidiaries, offices or even start-ups) (**OR2**). That restructuring requires great flexibility in the teams. Without this continuous organisational restructuring, these firms would not be aligned with their new strategic positioning and global strategy, and thus they would not be able to sustain their international expansion (**OR3**).

Discussion

EIFs' international growth is a complex phenomenon that can be clarified through the microfoundations of dynamic capabilities. We find that the microfoundations approach reveals the key factors that allow EIFs to set themselves on a sustainable international trajectory. Our results complement those of Romanello & Chiarvesio (2017) on the post-entry stage and go one step further in "entering" into the dynamics at play.

Indeed, EIFs can handle their reconfiguration over time thanks to strong factors related to the individual levels (Felin *et al.*, 2012). These individual-level factors allow the firm to reach evolutionary fitness over time and enhance certain kinds of routines

and processes (Abell *et al.*, 2008). Our results reveal the routines and processes that have been observed within the international sensing, seizing and transforming capabilities that enable the firm to reach better market penetration and generate revenue in the targeted countries.

By identifying nine different microfoundations (international opportunity scouting, experiential learning, international mindset crafting, rapid prototyping, international strategic agility, international scenario planning, navigating international ecosystems, improving international maturity and organisational restructuring), this study provides a better understanding of the kind of dynamic capabilities EIFs use in their international growth and challenges conventional ways of studying EIFs' internationalisation. Below, we discuss 3 main contributions.

Individual levels as enactment factors of post-entry growth

The first point we want to discuss is the role played by individual elements as enactment factors of post entry growth. Indeed, two individual-level factors turn out to be the cornerstones of the overall process: the innovative mindset and the collaborative mindset. Thus, we argue that most of the microfoundations of dynamic capabilities are intangible by nature and are based on employee interactions within the EIF's routines and processes (Nelson and Winter, 2002). These employee interactions are the pillar of the whole dynamic as they allow the firms to implement suitable strategies to react to their environmental threats or opportunities. In that sense, we apply the vision of the "organisational drive train" developed by Di Stefano, Peteraf and Verona, (2014) to the field of international entrepreneurship. In fact, the creation or birth of a mindset that is initially developed at the individual level will appear as the foundation or receptacle of routines and processes (Felin *et al.*, 2012). Moreover, we go one step further because our results emphasise the collective aspect of these mindsets, which evolve and become the business of an entire team and not just that of the leader. Thus, in this article, we aimed to open this black box and showed that EIFs develop a strong company culture with an innovation mindset, and that the collaboration mindset will then support the firms' capability development and organisational restructuring over time. Building on Romanello and Chiarvesio's (2017) results, we show that employees seem to follow the entrepreneur's path and vision, but we also find that entrepreneurs transform individual capabilities into a collective knowledge base. Therefore, we provide a first explanation about how these companies capitalise on individual capabilities to create a fertile ground for first developing dynamic capabilities (international sensing capabilities) and then managing post-entry growth.

Rapid prototyping and experiential learning as factors of the EIFs' international growth

The second point of discussion is based on the development of both exploitative and explorative capabilities through organised processes (Prange and Verdier, 2011). Thanks to the innovative and collaborative mindsets discussed above that create a company culture or philosophy, EIFs seem to develop exploitative and explorative capabilities simultaneously.

The development of exploitative capabilities takes the shape of rapid prototyping here: this explains how the firms exploit their knowledge base. Since the EIFs are knowledge-intensive companies (Knight and Liesch, 2016), they need to capitalise on

the knowledge generated during the inception stage. However, once products are created, they do not always correspond to the market constraints as cultures vary and customers in different geographical areas continuously change their behaviours. Therefore, it seems those EIFs use methods relatively similar to the lean start-up methodology: They create minimum viable products, continuously try prototypes with their customers to get feedback, and then adapt and improve their products and thus their business models. From that practice, they are able to seize a larger number of opportunities and therefore achieve better performance over time.

The development of explorative capabilities seems here to be mainly enhanced through experiential learning (Khan *et al.*, 2020), and the relationships EIFs maintain with external partners. This notion of experiential learning seems to complement international opportunity scouting because it generates iterations through the innovation process. Thus, thanks to interactions with external partners, experiential learning reinforces opportunity scouting and create a kind of virtuous circle that enhances these two microfoundations. Indeed, EIFs are often supported by bigger organisations like research centres, government or MNEs, which generates disruptive technologies. In fact, since EIFs are resource constrained (Knight and Liesch, 2016), they need to find external support, in particular financial aid through government funds, for example. This funding helps them to maintain a high level of R&D activities and stay current with research trends. Therefore, we argue that this notion of experiential learning could be closely linked to Hagen and Zucchella's (2014) results, which emphasise the influence of networks on international development. Our results thus build on their contributions by showing that EIFs, thanks to external partners, move in international growth spirals led by innovation. Therefore, experiential learning proves to be one of the key elements of this "growth spiral", as it can generate a rebound effect and maintain the firm's competitive advantage over time.

The simultaneous presence of these two capabilities (exploitation and exploration), which is quite common in innovative companies, is rarely discussed in studies related to EIFs' international growth (Romanello and Chiarvesio, 2019).

Improving international maturity as a key factor for ensuring EIFs' internationalisation

The last point we want to discuss is the difficult necessity for EIFs to develop their knowledge and adapt their operational processes to their rapid internationalisation growth. So far, the literature on EIFs does not explain the issues related to this "international knowledge" over time, or how it follows and sustains the growth cycle (Hagen and Zucchella, 2014). Indeed, this knowledge needs to increase as EIFs grow in terms of commercial intensity, structure, and increase in more distant markets (Hillmersson and Johanson, 2016). For EIFs, this knowledge takes the shape of international business practices like mastering foreign languages and practices related to international business operations, cultural differences, institutional regulations, etc. Thus, human resources seem to play an important role when it comes to integrating new knowledge related to international operations (Prashantham and Young, 2011). Hence, our results show that this resource integration needs to be managed by company leaders, who need to make their EIFs increase quantitatively (in the number of staff members) and qualitatively (hiring employees with the appropriate skills). These

entrepreneurs, if they want to sustain growth, need to hire not just new people, but employees with specific skills that can respond to the growing and changing demand. At this point, we reach the turning point described by Romanello and Chiarvesio (2017), when entrepreneurs must turn individual capabilities into their firms' knowledge base that will ensure the EIFs' international maturity. This international maturity will be reached only if the founder can not only decentralise to integrate new people but also identify employees who will fit the EIF mindset, culture, routines and processes. Through those processes, we also want to emphasise the role of organisational restructuring, which seems to have a critical aspect. Indeed, organisational restructuring seems to enable knowledge development in this kind of firm as it adapts the structure to help firms reach "evolutionary fitness over time" (Teece, 2007).

Conclusion

This research explores the concept of international growth through the microfoundations approach to dynamic capabilities. We set up an inductive research method to better understand which microfoundations of dynamic capabilities are present along the EIF's internationalisation trajectory. We outline the existence of factors at the individual level that are the basis for sustained international development, but also the existence of components in international sensing capabilities, international seizing capabilities and international transforming capabilities at the organisational level. Through this research, we can make relevant contributions to the international entrepreneurship literature and more specifically for EIFs.

The first contribution is related to the vision of entrepreneurs and extends the results of Romanello and Chiarvesio (2017). Indeed, our results show the importance of the innovative mindset and collaborative mindset as a solid foundation at the individual level. For the innovative mindset, managers create the conditions for their teams to develop willingness to take risks, continuously improve solutions and find new market opportunities. Regarding the collaborative mindset, along the EIF's trajectory, opinions are shared, initiatives are freely taken and decisions are made collectively.

The second contribution sheds light on development capabilities (Prange and Verdier, 2011) and the microfoundations behind them. Thus, our findings reveal that development capabilities are built through nine microfoundations at the organisational level, two of which are particularly important: rapid prototyping and experiential learning. Rapid prototyping is useful to react to market specifics and quickly exploit the firm's knowledge base, whereas experiential learning serves to enhance the rebound effect described by Hagen and Zucchella (2014).

Our third contribution expands on this rebound effect. One microfoundation helps set up this rebound effect and supports the growth cycle at the international level: improving international maturity. This means that EIFs recognise the need to continuously improve some capabilities of their teams (e.g., the foreign language skills among teams) and learn from cross-cultural differences. Moreover, EIFs develop an effective "international knowledge base" and structure their skills progression in order to support operational capabilities during their high-growth trajectory.

Managerial implications

This research also offers relevant managerial implications. The first one concerns anticipation. Indeed, international growth of EIFs involves a high-growth dynamic. Thus, anticipating the firms' capability development is the cornerstone of the whole process. We encourage managers to build a decentralised organisational structure from the beginning, continuously integrate new talent (even if they do not match the expected skills), support intrapreneurship and implement Lean Start-up or Agile methods. The second managerial implication concerns the network role for improving the EIF's international maturity. In fact, through their network, EIFs seem to gain access to new international capabilities, which helps them to internationalise quickly. This can involve knowledge regarding specific countries' regulations, market trends, language, etc. Thus, we encourage managers to navigate their international ecosystem to build a strong network, not only to access information but also to gain in learning and then maturity. Calling upon specific international organisations, consultants or embassies can help them to build a strong international knowledge base and therefore strengthen their international growth.

Limitation and avenue for future research

This research is not without limitations. First, this paper does not directly consider the influence of the entrepreneur. As we know, entrepreneurs play an important role in the internationalisation process as they arbitrate the firm's choices, especially at the beginning (Weerawardena *et al.*, 2019). Their role is also important during the internationalisation process, even if the team, and thus the organisational level, then takes over (Romanello and Chiarvesio, 2017). Moreover, recent literature has looked to the entrepreneur's role in the internationalisation path through the MFV (Kunisch, Menz and Cannella, 2019; Chittoor, Aulakh and Ray, 2019). We think it could be an interesting subject of study to look deeper into how their personality traits or background influence the microfoundations of dynamic capabilities at the organisational level. Second, this exploratory study only focuses on firms from one region; this is both a strength (homogenous sample) and a weakness. Indeed, we have little knowledge about how the common institutional and local environments of firms can support their international high-growth dynamics. Therefore, further studies are encouraged to reproduce our methodology in different contexts, across a wider sample, to ensure external validity. A cross-regional or cross-country study may also be particularly interesting to capture possible differences. Also, as our sample consists of firms from different industries that took different levels of risk, we encourage further studies to carry out similar studies within specific industries, which will give a better representation of this phenomenon. Finally, we identify the presence of several microfoundations that may influence the international growth of EIFs, and this opens new research avenues. Thus, for example, there is a need to learn more about the relationship between these microfoundations and to eventually shed light on the creation of synergic effects that could generate international high growth rates. We also think that further studies may be made more specifically about the effect of organisational restructuring, which seems to be a critical factor. Finally, it would be interesting to address questions about how these microfoundations are compounded, whether they are all of equal weight and how they influence firms' performance.

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APPENDIX 1

Data collection

Companies	Interviewee	Triangulation method			
		2 nd interview	Press ¹⁰	Videos ¹¹	Others
BUILDTECH	Founder-CEO	CTO	6 <i>Founder interview¹²</i>	7 <i>Videos presenting their technology¹³</i>	Website / LinkedIn/ specialized website (Manageo, Kompas...)
FOODTECH		R&D Manager	8 <i>Articles presenting the international activities of the firms</i>	5 <i>Interview of the founder, videos presenting their technology, videos about their fundraising</i>	
WATERTECH		CTO	3 <i>Articles presenting their international activities</i>	3 <i>Videos presenting their technology</i>	
WEB&COM		-	13 <i>Articles presenting the strategy of the firms</i>	5 <i>Videos presenting their technology</i>	
WEB&SPORTS		Web Marketing Manager	12 <i>Articles about the company's development, interview with the founder about the companies' activities</i>	8 <i>Video about the company's news and products</i>	
BOAT&CO		Export manager	15 <i>Articles presenting new projects</i>	6 <i>Interview with the founder, Videos presenting their technology</i>	
COMTECH		COO	15 <i>Articles presenting their technology, articles about their fundraising</i>	10 <i>Interview with the founder</i>	
GREEN&CO		R&D Manager	20 <i>Interview of the founder, articles presenting their technology, articles presenting new projects</i>	10 <i>Videos about the company's news and products</i>	

10. Number of press articles we found

11. Number of videos we found

12. Example of relevant articles we found

13. Example of relevant videos we found

APPENDIX 2

Data supporting interpretations

INDIVIDUAL FACTORS

Innovative Mindset	<p>IM1: "The strength of innovation is to always have a very open mind ... that's innovation ... in fact, it's trying to never reproduce what we did before ... but on the contrary to feed on what we have done to try to do it differently ... well it's still a state of mind that not everyone has.... That we constantly need to improve...." — BOAT&CO – Founder and CEO</p> <p>"We are a little less numerous in marine applications, and today in France we are the only ones to have such a wide range of machines, and we were also among the first to implement energy recovery" — WATERTECH- Founder-CEO</p> <p>"In fact, innovation is the name of a team, but constantly in the company, the idea is to innovate, even the forestry team I was telling you about, which tackles classic forestry management issues, but their aim is to innovate, in carbon capture, in the notion of biodiversity, in the adoption of new labels..." — GREEN&CO-R&D managers</p> <p>"It's part of our DNA and that's what our clients come to look for. In the end, we're there to provide them with the elements of innovation for their needs." — WEB&COM – Founder-CEO</p> <p>IM2: "It's because that's our job. Our job is to develop new active ingredients for the health of your grandparents because we are mainly aimed at seniors, so that means we need significant resources in R&D and yes in our company, half of the people are involved in R&D.... Because for each product there is always a need to know a little more, in knowing a little more, because once again, we do not do R&D to do R&D. We do it because our customers want proof of effectiveness, they want science, they want to know the mechanics behind such and such a product..." — FOODTECH – Founder and CEO.</p> <p>"We are of course born to innovate, so all products go through a creation phase of R and D and industrialisation before they are launched" — BUILDTech-Founder-CEO</p>
Collaborative Mindset	<p>CM1: "Afterwards, it's a company where everyone touches everything and everyone helps each other, there is a lot of help and discussion. Being from Sweden, I never liked that 'Employee/boss' thing, we are all together, all in the same boat, we move forward together, we try to help each other, and when we remade the website in the first year, Lydia or Aurore was already there, and I asked for their opinion: 'Lydia (the accountant) when you see this website, what you think?'. And they have all, everyone has always been very involved in the development of the company, in all aspects, when there was something to develop, we asked everyone their opinion, what do you think? We continue to work like this today...." — WEB&SPORT – Founder and CEO</p> <p>"And so there is no prioritisation in the sense that there are no orders from above, or nobody tells you what your first mission is ... your second mission is ... but you see the interest of the others, and what is the most important..." — GREEN&CO-R&D managers</p> <p>CM2: "I really like our last example of a military project, we gather all the teams ... all people are here from the assistant up, everyone is in the room to think about the project, about the problems...." — BOAT & CO – Founder and CEO</p> <p>"No, I don't know, maybe it's the DNA of the two founders, because I'm with the team ... We have a technical team, people who have been here for quite a long time, so they know the whole history of the products and have a lot of experience in seawater desalination ... we benefit from all the know-how..." — WATERTECH-Founder-CEO</p> <p>CM3: "Yeah, this culture of developing entrepreneurship, initiative and responsibility ... it's above all initiative and being able to take and know how to take responsibility. Responsibilities are not given, they are taken ... and yes, I am more inclined to trust and to have confidence from the start, even if it means correcting things afterwards, than the other way round..." — BUILDTech- Founder-CEO</p> <p>"Everyone does what they have to do and I don't pay attention to it ... so yes, I hope they all take initiatives and I'm not competent to judge whether it's good or not, but I'm there a bit like a bandmaster..." — FOODTECH- Founder-CEO</p> <p>"In fact, we give the 'honorship': we give someone the responsibility and the accounting of the project, we give him the means, we build a dedicated business plan with him, and yeah we give ourselves a trajectory of resources, deliveries to be reached, and finally results." — COMTECH-COO</p>

INTERNATIONAL SENSING CAPABILITIES

International Opportunity Scouting	<p>IOS1: "Well, in customer relations you have to be very responsive because the customer can ask you for a blue shirt, and then the day after can ask for a red shirt. So, things change quickly, and in customer relations you must be very responsive, very attentive, and very agile ... especially, last year... If you are not responsive in 2020, it will be complicated to go beyond... So, we are very responsive at that level" — FOODTECH – Founder and CEO.</p> <p>"And we are setting processes because we realised that the input signals were so strong that the people in charge of collecting all the signals and making progress on the product got lost in this mass of information..." — WEB&COM – Founder-CEO</p> <p>IOS2: "We are scouting competitors' trends, and we scout the trends, especially in the United States, which is a little 'avant-garde' regarding the outdoors... Thus, there is a lot of scouting ... each one is doing their own scouting, then we share what we see, and we decide if it is interesting or not ... we try to be ground-breaking..." — WEB&SPORT – Web Marketing Manager</p> <p>"So we're starting to think about this, and at the same time as we're looking, we've looked at Europe in two parts, so Northern Europe and Southern Europe... So, obviously, Southern Europe is less mature on these environmental issues. Northern Europe is much more sensitive, Germany, the Nordic countries obviously, the UK... So you need to understand the codes, etc ... Because the Nordic countries, even if we are quite similar, they have codes which are not at all the same, there is a way of doing business which is not at all the same..." — GREEN&CO-Founder-CEO</p> <p>IOS3: "No, if it's a customer contact, it's more the commercial side that takes care of getting as much information as possible beforehand and then we have a coordination meeting with the design office and then we see if we go ahead or not." — WATERTECH- Founder-CEO</p> <p>"In other words, I detected a technology which was a bit of a breakthrough, and so it deserved to be studied, without having a precise view of the markets which would adhere to this technology first. So one of the elements in the company is to listen to the market right away." — WEB&COM – Founder-CEO</p>
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APPENDIX 2

Data supporting interpretations

Experiential Learning	<p>EL1: "Well, my girlfriend knows the nautical world very well, she has a company, and she's on the lookout for new products, so maybe she can give it a try, so that's how it started... I went round the pontoons as they say: 'I went to see the boats, would you like to try travalunch, I have a new brand ...'. — WEB&SPORT- Founder-CEO</p> <p>"... from the moment we have ideas, the idea is to put them into practice and test them with a small part of our clients and so we go through a phase from ideation to specification..." — COMTECH-COO</p> <p>EL2: "... The DGA project was led by us, so we defined the project and its outline, and the academics in fact helped us to move forward on the research problems, so it is very clear that it works..." — WEB&COM- Founder and CEO.</p> <p>"Or afterwards, it's with contacts that we can sometimes have with people who work in academic settings who come to see me and say: 'well, we know that in such and such a material there is this molecule, wouldn't that be very interesting for you?', and then it's also like that that we can start a collaboration..." — FOODTECH-R&D Manager</p> <p>EL3: 'No, it's the fact of having an experience by reading ... finally, it is technology scouting and then curiosity ... as soon as there is a new thing that appears, you need to scout. I went to visit the first [products], so it was installed in Las Palmas in 2000 or so. I went because there is a show in the Canaries, so I took the opportunity to visit the installation... It was a gardener who had his own [products]... And so, I went to see the installation, he showed me how it was done, and I said to myself that there is an interesting thing to explore...' — WATERTECH- Founder and CEO.</p>
International Mindset Crafting	<p>IMC1: Anyway, the seas are open by nature, which means that there is nothing worse than a boat company that only does Franco-French when you are doing innovation like us. — BOAT&CO- Founder-CEO</p> <p>"Yeah, so there was this vision of the international, we'll no doubt come back to it, but to speak of going international is to be mistaken in some way ... but there was this vision, in any case, of going beyond our borders" — COMTECH- Founder-CEO</p> <p>"Yes, that's it, to be more responsive, to send faster and really develop in the country in question, and it would be the same situation; here we are by the sea, and we are very much sailors, and it would be the same thing, go to Spain in a place where there are many sailors..." — WEB&SPORT - Web Marketing Manager</p>
INTERNATIONAL SEIZING CAPABILITIES	
Rapid Prototyping	<p>RP1: "In fact, it's feature development projects that will address several clients, so we're not really in service mode, unless you subscribe to the service, where I have a client who comes and I develop something for him, and then after another client I redevelop ... no, we capitalise on a software base that is common to all clients." — WEB&COM - Founder-CEO</p> <p>"So we have a basic range of products, but it's always expanded with options or modifications, because we have to adapt to the site, we have to adapt to the conditions of the water to be treated because it's not the same, depending on the different countries, the temperature, the salinity. Moreover, with clients who always have specific requirements in terms of, for example, post-treatment or seawater pumping, it is very variable in fact." — WATERTECH- Founder and CEO</p> <p>"So that means that each client will find 90% of what he asked for, in terms of really, what he said he wanted to have in addition to what he had initially imagined. Perhaps there are certain features that he had imagined himself doing a little differently, and that we know how to defend against, because we are not in the business of specific development. The client is not going to pay for 100 percent development of the feature. So, the compensation is that it will be overall as he asked, but that we allow ourselves a little variation so that it meets the needs of different customers." — BUILDECH - CTO</p> <p>"The particularity of our activity is that we are married to nobody. The manufacturers, we go and look for them when the customers tell us. It is great when it is going well, however if the manufacturer is not great we'll say: 'ok, we will not work with you anymore...' Also, we created packs according to the requests, for example for the Marathon des Sables, we have a lot of Muslims who do it, so we made a special pack where there is no pork inside, so that people from North Africa can order it easily. The same goes for Spain, we know that the average basket is very low, so we are also careful with the transport policy, what do our costs need to be for a high conversion rate?' — WEB&SPORT - Founder-CEO</p> <p>"Yes, yes, we have a partnership with HEC, and Centrale, which is an innovation programme called BLUE&Co. It is the same thing, we try to duplicate what we have done with wood in the maritime environment..." — GREEN&CO - Founder-CEO</p>
International Strategic Agility	<p>ISA1: 'So, we do things that are not structured, but they are still structured, and otherwise they are "go no-go" every time. There are R&D projects that we started and stopped because of various reasons. There's a reason... I don't know, for example a regulatory reason that we didn't manage to meet ... an allergen reason that we didn't manage to overcome ... well there may be a lot of things ... there are certainly things that we miss too ... but anyway we're small, so there you go...' — FOODTECH- Founder-CEO</p> <p>'Nevertheless, what can happen is that all this is not completely separated, if we have a boost needed on [project name], we will go find someone from the team next door ... then tell him: "You are going to help us on the [project name] for 1 month, 2 months, 3 months, because we need you and then after you will come back to your previous project." This is how we handle things...' — BUILDECH - CTO.</p> <p>"... That's what we did in fact ... we linked teams that were attached to other teams, we also tried to hire new people, people who had already deployed things that were perhaps almost equivalent elsewhere, but yes, afterwards, the mobility skill clearly exists ... as soon as we concentrate on a project, we need it ... the skills of XY, we set up mobility..." — COMTECH - COO</p> <p>"... as we are not yet structured in a definitive way, we have to be able to accept that... In fact, team names change, people change, sometimes someone who is recruited for doing B to B is going to move to B to C, because there is a need in B to C... We have to accept the possibility of transfer ... so not to have something fixed..." — GREEN&CO-R&D manager</p> <p>ISA2: "Order preparation? everyone knows how to do it in the company, if one day there is a peak in activity for a few days, everyone can come and help prepare an order, scan, do picking..." — WEB&SPORT- Founder and CEO</p> <p>"So we have a basic range, but it is always expanded with options or modifications, because we have to adapt to the site, we have to adapt to the conditions of the water to be treated, because it is not the same, depending on the countries, the temperature, the salinity. Also with customers who always have specific requirements in terms of ... for example, post-treatment or pumping seawater ... it's very variable actually." — WATERTECH - Founder-CEO</p>

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International Scenario Planning	<p>ISP1: 'From the beginning, the vocation was to go international, and that at the beginning, we did a bit of opportunism to go and look for feasible business, and attainable business that is only close to international, so that's how we did it ... and after 2016, 2017 I was interested in several ways how to go international? So that's why we did little tests in Italy, I did a little test in England, I even went to New York to see how to do it.' — WEB&COM - Founder and CEO</p> <p>'We decided to go to the US when we thought we had a differentiating factor in the market and that we had something that could interest them, as a small French company. With Germany and the UK we went even though we didn't have a major difference with all our competitors but through our leadership in France we thought we could establish ourselves there.' — COMTECH-COO</p> <p>ISP2: 'Yes, I didn't invent anything. When I arrived, they did a lot of shows, etc. but a lot of different shows ... today we ask ourselves, we look at which show, how much does it cost, what market we target ... so if we target this market, the most important fair is this one ... this one ... from there we make an action plan...' — BOAT&CO - Export manager</p> <p>'Yes, it's international, yeah, so we generally target two countries per year and then we let them do their mission on their own, so they come back with a mission report and then from there we target four or five potential companies and then we go and see' — WATERTECH- Founder-CEO</p>
INTERNATIONAL TRANSFORMING CAPABILITIES	
Navigating International Ecosystems	<p>NIE1: 'This group has helped us, thanks to them we have made the DELTA and BETA programs, BETA for Saudi Arabia and DELTA for Singapore. For Singapore, or the DELTA Boat, so the first was manufactured in the city where we are located, and the 5 others made a technology transfer with a shipyard in Singapore which became one of our customers because afterwards they continued to buy equipment from us for its other projects.' — WATERTECH - Founder and CEO</p> <p>'BCI (Bretagne Commerce International/Britany International Business) is a real partner; we are very complementary because it helps me on points where I cannot do anything alone and vice versa... In addition, they are present in 120 countries, it is a mine of information. If I need to send my boat to Middle East countries, well, they take care of the regulations... So, when I have needs, I ask them, because they are people who do that all year round.' — BOAT&CO - Export Manager</p> <p>NIE2: 'From the outset, our idea would be much more successful in a more mature market such as Northern Europe... So we started looking, and we found it by chance, because what's complicated in the international arena is to find the boss of the international business, and that's what it's all about ... and this is what happened: by chance, we met the international director, who is Franco-German, so he speaks French and German, and he is married to a Danish woman, so he lives in Copenhagen...' — GREEN&CO - Founder-CEO</p>
Improving International Maturity	<p>IIM1: "Yes, it is very important for the country manager to know the country that it is going to cover, so we have a German for Germany ... who knows the codes, the big companies... Well, if we look at France for example, only the French can really know the Cac 40 companies, the influences of power, who does what... So, these are people, whether they are remote, or they are local, but yes indeed we have to hire local people to develop this..." — GREEN&CO - Founder and CEO.</p> <p>"No, of course we've grown, we've evolved. For example we have a lawyer who is international, who is Mauritian and she speaks French but also English, English being our main language... So no, we've organised ourselves so that the international aspect is no longer a handicap. The problem today in France is that we ... or maybe less so today, but we have suffered from that ... and so we have to structure ourselves ... we have to structure ourselves if we want to succeed; otherwise it's doomed to failure". — BUILDTTECH - Founder-CEO</p> <p>"We hire people who have a good level of English... We have two people, two export assistants who have a perfect command of export logistics, documentary credit, and all the follow-up of export documents ... so that's essential." — WATERTECH - Founder-CEO</p> <p>IIM2: "So, it's a €100,000 project so always with [name of the company], and so we put it online in a month, so it requires a lot of work on our side to create content, all trilingual, to extend everything in English and Spanish, and indeed it's something that has gone south because we created the trilingual site already in 2012, but it's a bear to keep updated So, the site was always a little wobbly on the 3 places, there was always 40% of the site which was not translated, so it was a complete drag on the purchases...." — WEB&SPORT - Founder and CEO</p>
Organisational Restructuring	<p>OR1: "... Especially you see last year, if we would have had this same discussion last year compared to this year and well the year 2020, it was "tense" ... so if you are not responsive in 2020, well it will be difficult to go further. So, we are very responsive at this level, we are also very responsive in the way we proceed; now we are teleworking finally ... the way we organise and we discuss, ..." — FOODTECH - Founder and CEO.</p> <p>OR2: "Here's an example: we launched in 2015, in the implementation of [project name] ... and therefore we made the complete choice to create a start-up within the start-up, to create a separate team and put someone in charge, to whom we have to dedicate resources, until the go to market ... until we reached a certain threshold of maturity and we integrated into a more global organisation..." — COMTECH - COO</p> <p>OR3: "We have had some fairly regular reorgs, because when you go from 4 people or co-founders to 55 with an office in place, we have had to put processes in place, an organisation, someone to manage pay slips, expense accounts, all the administrative stuff ... all the stuff we didn't do before... So yeah, it takes a lot of work to structure growth..." — GREEN&CO- Founder-CEO</p> <p>"Of course, I think we have to say to ourselves that in fact it is something that is being built because we know very well that, if we want to move up the ladder, we have to know how to delegate and rely on competent people" — BUILDTTECH - Founder-CEO</p> <p>"...and this is a delicate part and the growth crises that we have in companies, these are passages, which must be supported well, even if it means sometimes moving the lines of each person's missions a little. We've already had the case of having entrusted a management mission to a person who was very good, and who had to be removed from his mission ..." — WEB&COM- Founder-CEO</p> <p>"Well, there was nothing structured, because Richard was on his own and it wasn't his job. We gradually put things in place, operating in an innovative market with a high-tech product, so there's still a lot to be done, particularly with regard to the economic model. So we're building it up little by little..." — BOAT&CO - Export manager</p>

APPENDIX 3

Comparative analysis of the presence of dynamic capabilities microfoundations¹⁴

Companies	Microfoundations of Dynamic Capabilities										
	Innovative mindset	Collaborative mindset	International Opportunity Scouting	Experiential learning	International mindset crafting	Rapid Prototyping	International Strategic Agility	International Scenario planning	Navigating International Ecosystems	Improving International Maturity	Organisational restructuring
BUILDTECH	X	X	X	X	X	X	X	X	X	X	X
FOODTECH	X	X	X	X	X	X	X	X	X		
WATERTECH	X	X	X	X	X	X	X	X	X	X	
WEB&COM	X		X	X		X	X	X			X
WEB&SPORTS		X	X	X	X	X	X		X	X	
BOAT&CO	X	X	X		X			X	X	X	X
COMTECH		X	X	X	X		X	X		X	X
GREEN&CO	X	X	X	X	X	X	X	X	X	X	X
CLOUD&CO	X	X	X	X	X	X	X	X	X	X	X
CAMTECH	X	X	X	X	X	X	X	X	X	X	
IA&CO	X	X	X			X	X	X	X		
WIRETECH	X	X	X	X	X	X	X	X	X	X	X
CPU&CO	X	X	X	X	X	X	X	X	X	X	X
GAZTECH	X		X	X	X		X	X	X	X	X
GARMENT&CO	X	X	X	X		X	X	X	X		X

14. In accordance with the verbatims we found.