2020

Social media firm specific advantages as enablers of network embeddedness of international entrepreneurial ventures

Fraccastoro, Sara

Elsevier BV

Tieteiliset aikakauslehtiartikkelit
© 2020 The Authors
CC BY http://creativecommons.org/licenses/by/4.0/
http://dx.doi.org/10.1016/j.jwb.2020.101164

https://erepo.uef.fi/handle/123456789/24316

Downloaded from University of Eastern Finland's eRepository
Social Media Firm Specific Advantages as Enablers of Network Embeddedness of International Entrepreneurial Ventures

Sara Fraccastoro a, Mika Gabrielsson a, b, Sylvie Chetty b

a University of Eastern Finland, Mikrokatu 1, Technopolis, 70211 Kuopio, Finland
b University of Eastern Finland, Uppsala University, and Gothenburg University, Sweden

ARTICLE INFO

Keywords:
- Social media
- International entrepreneurs
- Network embeddedness
- Internalisation

ABSTRACT

Combining internalisation theory and internationalisation networking literature we study how international entrepreneurial ventures use social media to internationalise. Our qualitative study reveals the governance mechanisms and learning that are part of a dynamic process. We explain how firms leverage their own social-media capabilities and bundle them with the capabilities of foreign partners, which they leverage to create new social-media capabilities to grow internationally. Firms leverage social-media capabilities to become embedded within emerging and strategic networks, a position that is central for firms to mitigate threats of opportunism and bounded reliability and to overcome liabilities connected to smallness, newness, and foreignness.

1. INTRODUCTION

Social media is becoming an important foundation of the communication and marketing tools used by businesses operating nationally and internationally. Firms exploit the opportunities of global connectivity and wide reach offered by social media to promote themselves internationally, to target diverse stakeholders, to increase social interaction, and to achieve growth (Godes, 2011; Fischer & Reuber, 2011; Andzulis et al., 2012; Anderson & Wikström, 2017; Drummond et al., 2018). These points of strength have important implications for international business research, and especially for young and small entrepreneurial ventures led by international entrepreneurs. When internationalising, these firms face opportunism associated with working in international markets (Verbeke et al., 2019). That vulnerability is exacerbated by liabilities associated with a lack of resources related to smallness (Hannan & Freeman, 1984; Morris, 2001) which in turn restricts the ability to grow reputation and legitimacy in international markets. Additional liabilities that attract opportunism for new internationalists are those of newness (Stinchombe, 1965) and foreignness, which reflects how the absence of knowledge of the foreign business environment can hinder development (Zaheer, 1995, 2002). Moreover, the opportunism mentioned above that young entrepreneurial ventures are exposed to when they are inexperienced and have not secured an insider position in the networks of the host country (Verbeke et al., 2019) is exacerbated by the liability of outsidership (Johanson & Vahlne, 2009; Knight & Cavusgil, 2004). Previous literature has shown that firms can tackle the opportunism stemming from these liabilities mainly via internalising activities (for more on internalisation theory see, Williamson, 1985; Rugman, 2002; Verbeke & Greidanus, 2009; Chi, 2015; Narula & Verbeke, 2015; Buckley, 2016) or by coordinating with international network partners (for more network literature, see, Johanson & Vahlne, 2009; Forsgren, 2016). However, extant research has scarcely examined these points, which it might have by looking at the use of social media in international entrepreneurial ventures.

An exception is the work of Sigfusson and Chetty (2013) who have shown how online communication using social media enables entrepreneurs to recognise business opportunities in international markets, assists them to become embedded in relevant foreign networks and thus helps them to overcome the liability of outsidership (Johanson & Vahlne, 2009). Nevertheless, there is a lack of theoretical knowledge and empirical evidence on the mechanisms underpinning social media use by entrepreneurial ventures that facilitates entry into foreign networks and can help mitigate threats of opportunism and the associated liabilities of foreign market expansion.

This study integrates internalisation theory and literature related to international entrepreneurial ventures (Verbeke et al., 2014) to explain how entrepreneurial ventures establish network insidership (Johanson...
Network embeddedness is therefore seen as a resource that can be leveraged to gather knowledge about foreign markets, and to identify and develop opportunities at the national and international level (Johanson & Vahlne, 2009; Forsgren et al., 2015). Being embedded into one or more relevant networks makes the firm an insider to create future goods and services. In order to be able to achieve the growth that is the basis for entrepreneurial action (see, Shane &Venkatraman, 2000), international entrepreneurs actively pursue opportunities for early internationalisation and sustained business performance in foreign markets, based on their earlier experiences, beliefs (De Cock, Andries, & Clarysse, 2020 in press), and origin (Aparicio, Audretsch, & Kopf, 2020 in press; Scutot et al., 2020; Yang et al., 2020). However, in doing so they often face limits (see, Knight & Cavusgil, 2004; Knight & Liesch, 2016). These are connected to their lack of resources (e.g. financial, technological, physical and intangible) owing to their smallness (see, Hannan & Freeman, 1984; Morris, 2001), their lack of reputation and legitimacy owing to their newness (Stinchcombe, 1965), and their lack of knowledge about the business environment of the target market owing to their foreignness (Zaheer, 1995, and 2002). Prior literature indicates that networks offer a way for international entrepreneurs to overcome such liabilities (Coviello, 2006; Oviatt & McDougall, 2005), to grow in international markets (Coviello & Munro, 1997; Yli-Renko et al., 2002; Gleason & Wiggenhorn, 2007; Gerschewski et al., 2015; Ojala et al., 2018), and to mitigate threats of opportunism arising in host countries (D’Cruz & Rugman, 1994; Verbeke & Greidanus, 2009; Verbeke et al., 2019).

Networks have been defined as a set of relationships between a firm and its external partners, such as customers, suppliers, agents, and similar social connections (Hite & Hesterly, 2001; Chetty & Agndal, 2007; Zhou et al., 2007). Prior research applied the concept of embeddedness to refer to the degree to which individuals are involved in a network; and scholars have also emphasised the importance of business relationships among the actors within that network (e.g. Granovetter, 1985; Uzzi, 1997; Gulati 1998; Rowley et al., 2000). Zukin and Di Maggio (1990) classify embeddedness with regard to the social constructs underlying the phenomenon per se, and the degree to which social relations are embedded in the territory, which they refer to as structural embeddedness (Granovetter, 1985; Uzzi, 1997). Structural embeddedness is particularly relevant for internationalising firms, as it is key to accessing pertinent knowledge, opportunities, and linkages in the foreign market (Uzzi, 1997), and it also boosts knowledge transfer and learning (Larson, 1992).

Network embeddedness is therefore seen as a resource that can be leveraged to gather knowledge about foreign markets, and to identify and develop opportunities at the national and international level (Johanson & Vahlne, 2009; Forsgren et al., 2015; Forsgren, 2016). Being embedded into one or more relevant networks makes the firm an insider in the context of that set of relationships (Johanson & Vahlne, 2009), while companies not located in such networks are seen as outsiders (ibid.). Johanson and Vahlne (2009) theorise that when a company attempts to enter a foreign market where it does not have a ‘relevant network position, it will suffer from the “liability of outsidership” and foreignness, and foreignness presumably complicates the process of becoming an insider’ (2009:3145).

In a study on social media use in international entrepreneurial...
ventures, Sigfusson and Chetty (2013) find that LinkedIn can facilitate entrepreneurs becoming part of a wide online network, increase their network identity through enhanced communication, and establish an ‘initial motive for trust’ with other members of the network (Sigfusson & Chetty, 2013: 268). Therefore, by connecting with potential partners via social media, entrepreneurs have the opportunity to build weak network ties and start developing insidership in foreign markets (Sigfusson & Chetty, 2013). In this way, international entrepreneurs can receive assistance to overcome the liability of outsidership and acquire relevant skills and resources to deploy when entering new markets (Sigfusson & Chetty, 2013). This study focuses on how firms identify new opportunities and bridge relationship gaps with potential partners through social media. However, it is interesting to investigate how international entrepreneurial ventures use social media to build a position of insider-ship within national and foreign networks throughout their internationalisation process, and how these online tools help them to overcome foreign-market development challenges. Specifically, we are interested in understanding how the use of social media facilitates the entrepreneur in overcoming threats of opportunism and becoming embedded in new and unknown foreign networks when approaching international markets that earlier literature refers to as emerging net-works (see Håkansson & Ford, 2002; Möller, 2013). In addition to being new and unknown, emerging networks are also regarded as ‘non-manageable’, in that the organisational roles are not yet agreed upon and tasks are not yet distributed (Möller, 2013, p. 331). We are inter-ested in understanding how social media use helps reach and maintain a position of embeddedness in strategic networks, when that term refers to intentionally planned (Möller, 2013) foreign networks.

2.2. Social media as a mechanism facilitating internationalisation

Kaplan and Haenlein (2010, p.61) define social media as ‘a group of Internet-based applications that build on the ideological and technolo-gical foundations of Web 2.0, and that allow the creation and ex-change of user-generated content’. Examples of popular social media channels currently used are Facebook, Flickr, Instagram, LinkedIn, Twitter, and YouTube. What makes social media different from traditional technologies is that they are based on mobile and web-based platforms, where the content is generated and co-created by users (Kietzmann et al., 2011; Huotari et al., 2015). This has several implications especially from the communication and marketing standpoints. Communicating via social media entails the creation and channelling of information being reciprocal, which is not the case with traditional communication and marketing (e.g. through radio, print, and television). Social media communication is thus more participatory and democratic than traditional marketing communication as it offers consumers the opportunity to actively interact, exchange opinions, review products and services, and modify content (Kietzmann et al., 2011). Extant research has shown that user-generated recommendations and feedback can boost positive word of mouth, through which companies can acquire referrals for future sales (Godes, 2011). Similarly, Fischer and Reuber (2014) find that entrepreneurial communication via social media can be used to reduce audience uncertainty about the firm and enhance its differentiation from competitors. Another effect is the possibility of reaching audiences both nationally and internationally. Social media can reach people of diverse ages and genders and can be localised in many parts of the world. Social media communications are easy to understand, often cost-free, and continuously available to a global audience. Social media users are engaged in virtual relationships and social interactions that Andruzzi et al. (2015) define as non-intrusive and accessible by firms. In a study of B2B companies, Andersson and Wikstrom (2017) show why and how social media can provide communication tools to reach different groups of stakeholders, increase interaction with customers, support sales, and build firms’ brands. Alarcón-del-Amo et al. (2018) demonstrate how export-oriented companies with a high level of managerial involvement in social media report high levels of firm performance. Moreover, Williams, Du, and Zhang (2020) have shown that different social networking sites have various effects on the international orientation of Chinese SMEs.

Previous research has investigated how social media use helps firms with many of their functions and has also directed specific attention to its potential to assist firms with reducing costs related to marketing and sales (see also Rapp et al., 2013; Kumar et al., 2017). Nevertheless, there appears to be a paucity of studies on the implications of social media use for the internationalisation process of the firm. Specifically, the relationship between social media use and an entrepreneurial venture’s embedded status in foreign networks is yet to be investigated. This is particularly relevant in connection to the fact that networks have been seen as mechanisms that international firms can use to mitigate threats of opportunism found in international markets (D’Cruz & Rugman, 1994; Verbeke & Greidanus, 2009; Verbeke et al., 2019).

2.3. Internationalisation theory

Many studies in the context of international business rely particularly on transaction cost economics (TCE) to outline and explain the challenges that firms face when internationalising (Buckley, 2016). TCE relies on the behavioural assumptions of bounded rationality (Simon, 1955) and opportunism (Williamson, 1985). Opportunism is defined by Williamson (1985: 30) as a ‘self-interest seeking behavior with guile’. The centrality of the concept of opportunism in international business lays in the firms being exposed to failures of commitment from partners when internationalising. By offering a more compelling behavioural explanation of why economic actors fail to fulfil agreements, Verbeke and Greidanus (2009) introduce bounded reliability as an envelope concept including opportunism as intentional deceit and benevolent preference reversal that result from decisions made in good faith, but have negative consequences for firms. More recently, Verbeke et al. (2019) propose that young firms lacking previous international experience and an existing sizeable network in the host country are particu-larly vulnerable to opportunism when approaching foreign markets. The authors moreover emphasise the importance for internationalising firms of building networks and acquiring managerial experience to mitigate threats of opportunism. These conditions seem to pertain to interna-tional entrepreneurs who, when trying to enter foreign markets are affected by various resource constraints (stated to be newness, small-ness, and foreignness in Knight & Cavusgil, 2004) and often lack an existing network of connections (described as outsidership in Johanson & Vahlne, 2009). Accordingly, it is crucial to acknowledge the threats carried by opportunistic behaviours and bounded reliability, as these may influence the various governance mechanisms put in place by the firm to mitigate threats of failed human commitment (Verbeke & Grei-danus, 2009).

If internationalisation theory is used as a theoretical lens to study rapidly internationalising entrepreneurial ventures (Verbeke et al., 2014), and the firm is considered to be the unit of analysis, as in Rugman’s view (Narula and Verbeke, 2013), then internationalisation can be seen as a firm-specific phenomenon. That perspective would suggest each firm exploits its idiosyncratic FSAs, and moreover, relies on external markets to explore and trade those resources it lacks and requires, a source of which might be host country partners (Hennart, 2009). Therefore, the internationalisation process will be shaped by a firm’s ability to bundle its non-location-bound FSAs, with its external partners’ location-bound ones (Rugman & Verbeke, 1992), often resulting in a resource recom-bination from which new location-bound FSAs are created (Rugman & Verbeke, 2001; Narula & Verbeke, 2015) in order to mitigate threats of opportunism and facilitate entering international markets through a networking approach. The underlying assumptions of the networking approach involve long lasting constructive relationships, mutual commitment, mutual satisfaction, and firms being considered social units (Johanson & Mattsson, 1987); furthermore, trust is the crucial element rather than opportunistic behaviour as in TCE (Achrol, 1996).
Verbeke et al. (2014) empirically demonstrate how the concept of FSAs, usually applied to large firms such as multinational corporations, can also be applied to smaller rapidly internationalising entrepreneurial ventures, and moreover, can explain their expansion into foreign markets. In this context, the founding entrepreneurs’ capabilities and characteristics can be regarded as FSAs, and in such firms the demarcation line between entrepreneur and firm is often not discernible or at best is a very fine one.

We conceptualise the entrepreneurial ability to use social media by relying on the definition of organisational capability of Helfat and Peteraf (2003, p. 999), according to which ‘capability refers to the ability of an organisation to perform a coordinated set of tasks, utilising organisational resources, for the purpose of achieving a particular end result’ and therefore shape the concept of entrepreneurial social media capability. In this paper, we regard and conceptualise the entrepreneurial capability of using social media tools during internationalisation efforts as an FSA (see Verbeke et al., 2014), which is idiosyncratic because it entails the ability to create social media content that is firm-specific and because it entails calling on a network of social media connections that is personal and strictly related to the owner of the social media page. We are interested in understanding how international entrepreneurial ventures exploit their social media FSAs and combine them with the social media FSAs of their external partners when they first approach foreign markets and expand internationally. This analysis is particularly relevant for international entrepreneurial ventures given that due to their early arrival in foreign markets they might not have the time to build up location-bound FSAs and might therefore be reliant on foreign partners’ FSAs.

3. METHODOLOGY

To address our research question, we conducted an exploratory multiple-case-study analysis, which allowed us to use rich and detailed empirical evidence of a nascent and therefore overlooked phenomenon (Yin, 2009). Multiple-case-study analysis is known for its theory-building properties (Eisenhardt, 1989) and its ability to offer a holistic view of the phenomenon under analysis (Yin, 1989). Given our research aims and the limited extant research on the topic, we used an inductive research approach relying on diverse and rich data sources drawn from case studies to gather evidence about the phenomenon analysed and its context, and to develop new theoretical insights (Eisenhardt, 1989; Edmondson & McManus, 2007).

We selected three firms from Finland, New Zealand, and Sweden respectively; three SMOPECs where internationalisation is essential for growth given the limited size of the internal market (see Luostarinen & Gabrielson, 2006; Chetty et al., 2015). The three entrepreneurial ventures were chosen because each intends to expand internationally. Consistent with Fischer and Reuber (2014), we selected firms that were entrepreneurial in nature, but also given their ongoing pursuit of international business opportunities, aiming for growth. The criteria are consistent with the definition of entrepreneurship by Shane and Peteraf (2003, p. 999), according to which ‘capability refers to the ability of an organisation to perform a coordinated set of tasks, utilising organisational resources, for the purpose of achieving a particular end result’ and therefore shape the concept of entrepreneurial social media capability. In this paper, we regard and conceptualise the entrepreneurial capability of using social media tools during internationalisation efforts as an FSA (see Verbeke et al., 2014), which is idiosyncratic because it entails the ability to create social media content that is firm-specific and because it entails calling on a network of social media connections that is personal and strictly related to the owner of the social media page. We are interested in understanding how international entrepreneurial ventures exploit their social media FSAs and combine them with the social media FSAs of their external partners when they first approach foreign markets and expand internationally. This analysis is particularly relevant for international entrepreneurial ventures given that due to their early arrival in foreign markets they might not have the time to build up location-bound FSAs and might therefore be reliant on foreign partners’ FSAs.

3.1. Data collection and analysis

To understand and explore the use of social media to support the internationalisation of entrepreneurial ventures, we collected empirical information covering the entire history of the firms under analysis. We collected primary data through face-to-face interviews with the CEOs of the firms, who were in each case also the founding entrepreneurs; since it was possible, we also interviewed the marketing manager of the Finnish firm. We chose these primary informants to access the people with the most knowledge on the use of social media to assist in entering international networks and to overcome challenges related to the firms’ internationalisation. We conducted two rounds of semi-structured interviews, which lasted 110 minutes on average. The two rounds were separated by a period of three months. To ensure validity and credibility (Yin, 2009), we used multiple data sources, therefore primary data were supported by content analysis of extensive secondary data harvested from the companies’ social media pages, websites, and promotional material. When, in one case, it was not possible to conduct a second interview, we gathered extensive secondary information through an exchange of emails with the CEO of the firm. The interview protocol followed broad questions that included topics such as: entrepreneurs’ backgrounds, the history of the firm, product characteristics, details of the internationalisation process and learning, distribution characteristics and relationships with channel partners, introduction of social media channels during the firm’s history, preferences for social media channels, typologies of activities undertaken in social media channels, reliance on, and combination of, social media channels belonging to different partners.

To ensure reliability, we obtained the permission of the informants to audio record, transcribe verbatim and to store the interviews in a database shared by the authors.

When gathering secondary sources of information, in order to reduce the amount of textual data, we collected empirical evidence from firm-generated textual communication on the two social media platforms most frequently used by the firms1: Facebook and Instagram. We collected and stored all the posts publicly available on the Facebook and Instagram profile pages of the three firms in a database shared by the authors. The secondary data collection yielded a total of 3908 social media posts, resulting in 229 single-spaced pages of secondary data, which helped understand the use of these platforms over time and therefore improved our study’s reliability (Yin, 2009). This allowed us to gather retrospective and longitudinal data reflecting the dynamism of the internationalisation process and the firms’ increasing involvement in international markets.

We decided to focus our analysis of secondary data on the Facebook and Instagram social media sites, on the grounds that they are very popular social media platforms both for the development of business relationships, and for communication among firms and consumers. Research shows Facebook to be one of the social media platforms most used by small businesses (He et al., 2015) to develop business relationships, and identify business partners (Shih, 2010). However, since

1. See Table 1 for the frequency of Social Media posts published by the firms in Facebook, Instagram, LinkedIn, and Twitter.

Table 1 provides a short description of the entrepreneurial firms investigated, and an overview of their social media use. For reasons of confidentiality, we refer to the firms by fictitious names representing their main product and country of origin.
the communication efforts of the entrepreneurial firms investigated targeted not only business entities but also consumers, we thought it would be prudent to analyse the content of posts shared on Instagram – a social media platform where businesses and consumers share photos and video content (Goelho et al., 2016). Instagram is particularly appealing for manufacturing firms, given its rich symbolic communication features that enable the easy communication of tangible and visible value offerings. Prior research has rarely used Instagram as a data source, as studies have more often focused on harvesting information from LinkedIn and Twitter (Fischer & Reuber, 2011, 2014, Sigfusson & Chetty, 2013). Moreover, from the initial content analysis of the posts on all the social media platforms used by the firms, it appeared that LinkedIn and Twitter were used sporadically, therefore providing a limited amount of content for analysis and preventing a cross-comparison among the case firms. Table 2 provides an outline of the data collection phase and our main sources of information.

We adopted a qualitative content analysis approach to analysing the data. This involved being alert to differences such as geographical context and entrepreneurial characteristics. Therefore, we moved back and forth between theory and data to look for theoretical explanations for any uniqueness. The data analysis was conducted in three main steps, following the advice of Miles and Huberman (1994): (i) data reduction, (ii) data displays, and (iii) conclusion-drawing/verification. First, we carried out data reduction by combining and synthesising the data drawn from primary and secondary sources of information in order to identify key themes and constructs (Miles et al., 2013). We then followed Pettigrew (1990) and arranged the data chronologically in three separate files describing the history of each case firm, and by highlighting key moments in their internationalisation. We then used open thematic content analysis to code the interview data (Corbin & Strauss, 2014). We began by analysing each firms’ internationalisation process, and continued by systematically coding the data, which depicted the firms’ foreign-market entry, use of social media, and incremental

### Table 1
Characteristics of the case firms and their social media use.

| FI Gin | NZ Gin | SE Gin |
|--------|--------|--------|
| **Origin** | Finland | New Zealand | Sweden |
| **Business Sector** | Gin Manufacturer | Gin Manufacturer | Gin Manufacturer |
| **Age; Start of internationalisation** | Established in 2012; immediately when the product was ready: 2014 | Established in 2015; first foreign customers from UK in 2016 | Established in 2011; 3 months after the product was ready: 2012 |
| **No. of countries served** | 28 countries | UK, Australia, Japan | 25 countries |
| **No. of employees** | 26 | 2 | 8 |
| **Headquarters** | Helsinki, Isoyryö | Martinborough | Harnosand |
| **Active Facebook account** | Yes | Yes | Yes |
| **Facebook account start date** | September 2014 | May 2016 | December 2011 |
| **No. of ’likes’ on page** | 54323 \(^b\) | 823 | 11525 \(^b\) |
| **Post frequency** | More than weekly | Weekly | More than weekly |
| **Active Instagram Account** | Yes | Yes | Yes |
| **Instagram account start date** | August 2014 | July 2015 | March 2013 |
| **No. of ’followers’ on page** | 19600 \(^b\) | 1285\(^b\) | 14300 \(^b\) |
| **Post frequency** | More than weekly | Weekly | More than weekly |
| **Active Twitter account** | Yes | Yes | Yes |
| **Twitter account start date** | September 2013 | December 2015 | December 2012 |
| **No. of ’followers’ on page** | 3708 | 159 | 4517 |
| **Post frequency** | Monthly | Less than monthly | Weekly |
| **Active LinkedIn account** | Yes | Yes | Yes |
| **LinkedIn account start date** | | | |
| **No. of ’followers’ on page** | 2470\(^c\) | 4048\(^b\) | 780\(^b\) |
| **Post Frequency** | Less than monthly | Less than monthly | Monthly |
| **Actors Involved in Social Media networks** | Brand ambassadors, distributors, retailers, bartenders, bars, and consumers with their own social media accounts through which they discuss and promote the product | Distributors, retailers, bartenders, bars, and consumers with their own social media accounts in which they discuss and promote the product | | |
| **Other Web Presence** | Website | Website | Website |
| **Online selling (via own website)** | No | Yes | No |

\(^a\) Post Frequency (described as either): daily, more than weekly, weekly, monthly, less than monthly.

\(^b\) Checked on 20.02.2019.

### Table 2
Data collection and further sources of information.

| Case Firm | Interviewed person(s) | Time period covered in: | Duration of interview | Secondary sources of Information for data triangulation |
|-----------|------------------------|-------------------------|-----------------------|-----------------------------------------------------|
| F I Gin | Founder and CEO; marketing manager | (i) 2011–2017 (ii) 2017–2019 | (i) 1 h 44’ (ii) 1 h 50’ | Facebook: 898 posts Instagram: 602 posts Other sources: firm’s website, online press articles, online brand book, advertising material |
| NZ Gin | Founder and CEO | (i) 2015–2018 (ii) 2018 | (i) 57’ (ii) 37’ | Facebook: 282 posts Instagram: 263 posts Other sources: firm’s website |
| S E Gin | Founder and CEO | (i) 2011–2018 | (i) 1 h 50’ | Facebook: 833 posts Instagram: 1029 posts Other sources: firm’s website, online press articles, firm’s power point presentation, advertising material |
Table 3
Illustrative examples of how the international entrepreneurial ventures used social media to enter emerging and strategic networks.

| Firm        | Emerging Networks | Strategic Network |
|-------------|-------------------|-------------------|
| **FI Gin**  |                   |                   |
| This is quite something: FI Gin is on the shortlist of Mixology Bar Awards as the best bar product of Europe! And we’re already the only gin in the list! Firm’s post on Facebook, September 2016 |
| Nice, our first coverage in Japan by Yukari Sukamoto! http://***.com/2015/03/03/2015-foodex/ Firm’s post on Facebook, March 2015 |
| Congratulations Japan! The very first shipment left the building. Firm’s post on Facebook, March 2017 |
| In Rye We Trust. Our single malt rye new make * won gold in Whisky category at International Spirit Awards. This bears great promise for our single malt rye whisky of which the first bottles will be released next year! IWS is one of the toughest spirit competitions and the publishing house behind the competition is founded in 1903. Firm’s post on Instagram, May 2015 |
| First customer to buy #***gin from #*** in London Bridge! #latergram #gt #FI Gin Firm’s post on Instagram, September 2015 |
| **NZ Gin**  |                   |                   |
| From @*** |
| Beautiful NZ Gin from New Zealand in our collection now  
Barrel aged gin  
3 native NZ botanicals  
Kawakawa & Manuka & Horopito  
3 months in Pinot noir barrels  
NZ Gin #NewZealand #madeinNewZealand #gin #craftgin #barrelagedgin #pistinoirbarrels #BarBarCapain #Capain #internationalBar #localbar #kebukaro #Japan #goodinrinco #gin #instagram #ginlovers #herbs #botanicals #fresh |
| Firm’s post on Facebook re-posting the text originally posted from a bar in Japan, December 2018 |
| We are now available through @***. New shipment off to the UK next week. Firm’s post on Facebook, August 2017 |
| NZ Gin is very pleased to be announced as a finalist in the Wellington Gold Awards 2018. Firm’s post on Instagram, May 2018 |
| Today we are labelling our native gin for our friends in Japan. Firm’s post on Facebook, October, 2018 |
| **SE Gin**  |                   |                   |
| ‘Hong Kong. We are now launching SE Gin on the coast towards the South China Sea and at the mouth of the Pearl River. In Hong Kong! Firm’s post on Facebook, August 2015 |
| Congratulations Norway, on 17th of May, and that SEGIN is on its way into Norwegian market! norway #hemsing #17may Firm’s post on Instagram, May 2015 |
| Wow! Nominated as Product of the Year by the Swedish Bartenders via @bartenderschoiceawards #SE Gin #bartenderschoiceawards. Firm’s post on Instagram, November 2016 |
| Gin Producer of the Year makes Jon crazy of happiness #SE Gin #ginstagram #ginbar #gin | It’s only Mid January, and we’ve been lucky to host already so many great guests, from Lapland, Germany, and UK. Meet the *** crew who looks after our distribution in UK! Seems that they have just the right, humorous mindset to be part of the FI Gin Family. Firm’s post on Facebook, January 2019 |
| Work & Fun II, bartenders from Sweden, Denmark, Germany, Netherland, and Finland. Hard work, extreme fun & lots of memories made in these days! #inryewaytruct #seyre #FI Gin experience Firm’s post on Facebook, May 2017 |
| Early morning photo session at Pertilla bridge with our brand ambassadors from UK, Japan, Hong Kong, Singapore, and Germany! @***#inthe_sky #*** Firm’s post on Instagram, January 2017 |
| Singapore will be all rye’d next week! #Repost #*** |
| So, this is happening next week! Lots of cool events which will culminate with the Gin Lane Party on December 2nd. #FI Gin has partnered with 3 amazing bars and bartenders! Try all the drinks and remember to vote by tagging them. The celebration starts on November 27th all the way till December 3rd #inryewaytruct #singapore #ginjules2017 #eastimperial Firm’s post on Instagram re-posting the text originally posted by the firm’s brand ambassador in Singapore, November 2017 |
| Strategic networks not yet reached. | |
a lot in the company we’re working with. I will say I believe in the people running the company… I believe they offer the possibility to increase our sales rapidly, and to reach out to our channels a lot faster than we would have done ourselves, or with the previous partner’, we coded that relationship as being strategic. We undertook similar actions for the firm-generated textual communication we harvested from the firms’ Facebook and Instagram pages. This provided a great deal of secondary data that helped clarify unclear events and triangulate the information gathered during the interviews. Table 3 offers empirical evidence showing relevant examples of how the firms used social media to enter emerging and strategic networks during their internationalisation. For instance, when first entering foreign markets, all the firms used social media to announce agreements signed with the local distributors. By deploying the global reach offered by social media, firms tried to connect with potential buyers (e.g. bars, retailers, and consumers) and communicate the availability of the product to foreign markets. Accordingly, we treated these events as enabling the firms to enter emerging networks. On the other hand, when important partnerships were announced, we treated them as events signalling embeddedness in strategic networks.

By adopting this process for all the material at our disposal, we were able to link the list of codes to the empirical evidence gathered. We then arranged the data in separate tables showing the main contribution/ non-contribution of the deployment of the social media FSAs of both the case firms and their partners to entering emerging and strategic networks, and which highlighted common patterns of use (see step ii). Following the guidelines on data display, we combined the findings drawn from these separate tables in a final table enabling a chronological examination of the use of social media FSAs to facilitate entering emerging and strategic networks (Håkansson & Ford, 2002; Möller, 2013). Finally, to carry out conclusion-drawing/verification (step iii), we used the empirical findings drawn from the coding process and displayed in the table (Miles et al., 2013) to link our operationalisation to our conceptualisation. The whole process led to the formulation of a conceptual framework and theoretical propositions that are outlined in the discussion part of this paper.

4. EMPIRICAL FINDINGS AND CROSS-CASE ANALYSIS

The following section examines the role of social media FSAs in helping three IE ventures to enter relevant foreign networks and to address the challenges to growth in foreign markets during the internationalisation process. We used the findings to develop Fig. 3, which is a conceptual framework based on combining data and theory to extend the extant literature on the topic. While we used an inductive method, we organised the following section by mirroring Fig. 3, so as to clarify how we used the findings to develop the conceptual framework. We conducted a cross-case analysis based on the firms’ ability to deploy their own social media FSAs, and bundle them with those of their partners to facilitate entering emerging and strategic networks (Håkansson & Ford, 2002; Möller, 2013). The analysis revealed that the internationalisation process of all the firms went beyond those initial and occasional orders and all the firms had signed deals with distributors to represent them in foreign markets; however when comparing the firm from New Zealand with the Finnish and Swedish ones, it was evident that the New Zealand firm had not yet developed its strategic network across the foreign markets it had already entered. In fact, whereas the firms we call Fi Gin and SE Gin were already building a strong market presence in a number of foreign markets through activities aiming to penetrate deeply into the market to stir higher levels of sales, and putting in place specific market-focused strategies within strategic networks (e.g. by hiring brand ambassadors and purposefully selecting distributors), the firm we call NZ Gin had just started to increase the attention paid to its distribution channels.

4.1. Emerging networks: firms’ own FSAs

In line with studies of the rapid internationalisation of IE ventures from SMOPECs (Luostarinen & Gabrielsson, 2006), all three distilleries analysed internationalised mainly because of the limitations of their domestic market, which one of the founding entrepreneurs of Fi Gin described as ‘crazily small and difficult’. Internationalisation was particularly necessary in the case of the Finnish and Swedish firms, where the national markets are controlled by an alcohol monopoly, in which a state-owned firm (Alko in Finland and System Bolaget in Sweden) oversees the manufacture and/or commercialisation of most alcoholic beverages (Ysa et al., 2014). The unique quality of the Finnish and Swedish products has however been recognised in various competitions seeking to identify the world’s best gins, and the products of the New Zealand producer have also received national awards for their quality. These events had a huge impact on the reputation of the firms and their development of new business opportunities through interest from consumers and contracts signed with various distributors in foreign markets leading to international sales. The CEO of Fi Gin comments on this aspect as follows:

In July 2015, we won the competition... That escalates the whole thing into a situation where we started getting those inbound connections and we opened up new markets. We opened a market a month from July 2015 to the end of 2016.

Being newly established, start-up firms are often vulnerable to a shortage of financial resources and a lack of an established network of relationships around the world, which exposed our case firms to threats of opportunistic behaviour associated with unknown foreign markets. The situation pushed all the firms into investing in their own social media capabilities and using social media platforms to share information about the awards won in national and international competitions, and therefore to market themselves internationally. This was particularly important for the Finnish and Swedish firms, who in addition to the liability of smallness had to circumvent the issues posed by their internal market using a monopoly to control the sales of alcoholic beverages. The marketing manager of Fi Gin stressed the use of social media as a communication channel:

It has kind of been born out of necessity, and then we’ve really tried to combine the social media use also with any kind of earned media. You play with what you have. And then for example, when we’ve had big breakthroughs in media due to the awards that we’ve won, or major events that we’ve attended or anything like that, that has gotten coverage then we make sure to always kind of feed them through our social media channels. And then at the moment it’s very focused on the Facebook channel that we use, that’s by far our biggest channel, but then we also have Instagram, Twitter, and there’s a few different accounts.

Taking control of their own social media channels to reach international markets by themselves offered some protection against threats of opportunism usually found when first approaching international markets and was also resource efficient. In the case of NZ Gin, being young and not having participated in international competitions, social media channels were used to share reviews and articles about the product written by gin connoisseurs and journalists. The CEO commented on the possible global reach available through using social media:

Most of our communication with our customers or our potential end customers is done through social media. And that’s basically the only way we can actually get our missions across. It’s the strongest way we can do it without paying hundreds of thousands of dollars in marketing...and it works internationally. You know, in the UK, there’s not much point in us doing traditional media.

All the firms stressed that social media is central to their communication. Social media channels seem to offer means for interested buyers and stakeholders to contact the firms. Moreover, through social media marketing campaigns, and by using particular hashtags, the firms are
able to target specific groups of consumers who enquire at local bars or retailers about the product. This use therefore enables the firms to attract attention to their products, by building connections with international potential buyers and consumers and to obtain financing, as the CEO of SE Gin explains:

If we want to sell a limited edition, or whatever, if we write it on Facebook, or Instagram, we sell out. It doesn’t matter if it costs 80 euros or 90 euros, we’ll sell out because those channels are very important for the real followers, the true followers, the ones that are very interested [in the product].

The analysis revealed that all the firms actively used several social media channels such as Facebook, Instagram, and to a lesser extent Twitter and LinkedIn to connect with end consumers and to undertake marketing activities. Not only did the firms use social media to post content created by themselves, but they often re-shared posts initially published by consumers (such as those of them drinking the firm’s product and tagging the company over social media). In this way, the firms benefitted from the networking effects deriving from the visibility of the post initially shared by the consumers with their network of connections in the international markets; moreover, they increased control of the market by directing communication at the end-consumer level. Nevertheless, despite the great potential for global connectivity offered by social media, all the firms acknowledged the limitations of conducting their marketing over social media alone. The marketing manager of FI Gin explained this issue as follows:

I think the illusion sometimes is that social media is maybe cost-effective, but it is super fragmented, and it’s very competitive… Social media is a really important channel for a small company but it’s not necessarily the ideal channel, because it’s still very difficult to get the visibility.

It is therefore evident that social media tools are best leveraged when integrated with other means of communication. The founder of NZ Gin explained his firm’s use of social media and the effectiveness of those tools as follows:

We do Twitter, but not really…because, we’ve got hardly any followers on Twitter. So basically, Facebook and Instagram would be our biggest social media uses. I like the fact that when we target our marketing then I can do it for both at the same time and tag the groups that I want to. I think certainly with brand awareness, just seeing things from events and getting people to know what is happening. It’s pretty critical and there’s really no other way we could give that sort of traditional media. However, traditional media gives you credit, it reinforces the fact that you’re there. You know, if someone sees you in a magazine article, they’re more impressed than something that’s on social media. So, if you can actually use something that has been on traditional media and then show it on social media it has a profound affect. Yeah, that’s sort of how we use it.

4.2. Emerging networks: partners’ FSAs

It should be noted that all the entrepreneurial ventures used social media to generate demand and thus to successfully develop initial entry and market presence in national and in international domains. Nevertheless, all the case firms stressed the importance of building strong cooperative relationships with local distributors.

In the cases of FI Gin and SE Gin, these connections were initiated directly by the importers who, having noticed the companies’ success at international fairs and their connected social media marketing activities, offered to represent them in specific foreign markets. In these cases, social media had a role in generating leads and connected potential partners in foreign markets. The firms learned about them and then selected the candidate who seemed most appropriate at that time, when the firms’ knowledge of foreign markets was limited, and they were uncertain how feasible it would be to commercialise the products. The CEO of SE Gin commented on this time in the national and foreign markets as follows:

In Sweden, since we’re not allowed to market alcohol, we can tell people about our awards, which is allowed. We can brag about our awards and we can tell people about reviews, if we have had gin writers [giving positive reviews], that’s the main thing we can actually do. And those things are self-selling… [With markets abroad] we have importers contacting us instead, they want to buy our products, which means we can actually pick and choose.

The local partners with whom the distribution agreements are signed, leverage their own social media to attract local consumers. Therefore, we can conclude that the use of social media is particularly helpful in generating demand among consumers and has an impact on the firm embedding itself in emerging networks. Trying to seek a position of insidership within emerging networks, meant the firms attempted to build trust and mutual commitment with foreign partners, central for shielding against opportunistic behaviour, and a useful way to learn about the foreign markets when they were new to them, and to develop their own social media capabilities. The marketing manager of FI Gin commented on this aspect:

I think from a distributor perspective, we don’t do any direct targeting on social media… we got a lot of inbound initially…but now we’ve tried to really kind of use other industry channels to get the intelligence, to get the best information about the right fit and the right distributor. And we’ve put a lot of focus on physically being present, like some of us will go to Germany and we will spend time with the distributor and make sure that they really understand the brand [to communicate it through social media] and that is the relationship that we need to manage and it is super, super important.

In the case of NZ Gin, the founding entrepreneur commented on the use of social media in the foreign markets the firm entered by stressing how until that moment, the firm relied on its own social media efforts in New Zealand and Australia. In fact, the founding entrepreneurs live in these markets and have already developed social media capabilities that suit those countries. However, in unfamiliar markets such as Japan and the UK, the firm relied on foreign distributors to conduct social media marketing campaigns because the founders had not yet learned how to use these platforms locally well enough to reach a position of insidership within strategic networks. The NZ Gin founder stated:

For those [social media] posts, I only target New Zealand and Australia. Because we’ve got someone on the ground, we can implement things a bit better than we can in say the UK or Japan, where we just basically go to a distributor and say do what you want… I’m pretty new to it [social media in a foreign-market context]. So, basically, I’ve just applied the same rules that I do domestically to Australia because the market is very similar. I think the UK would definitely be the next one to try and target. Japan, I think would be a bit difficult linguistically.

In Fig. 1, we illustrate the functioning mechanisms of social media use applied to enter emerging networks in international markets.

4.3. Strategic networks: firms’ own FSAs

The cross-case analysis made it apparent that not all the firms had attained a position of insidership within strategic networks. Although the New Zealand firm was involved in the foreign market in the emerging network phase, it had not yet started to intentionally plan its strategic networks. Regarding the Finnish and the Swedish distilleries, it was apparent that in both cases the entrepreneurs had targeted international growth and the scale benefits flowing from strategic networks. Accordingly, they opted to learn from the partners and focus their efforts on the foreign markets already entered.

In the case of FI Gin, to align activities across markets and derive benefit from synergies, the firm replicated the successful model initially followed in Denmark and Germany (top-tier markets for its products, where internationalisation was most successful in terms of volumes of sales), and tried to transfer knowledge and share good practice. Finally, to increase the level of sales internationally, the firm leveraged the learning obtained via its foreign partners. It did so by diversifying the
focus of social media channels by creating different directly managed social media accounts and started to present content in specific foreign languages. The marketing manager commented on this aspect as follows: ‘We’re very carefully shifting the kind of language focus to make sure that we get a wider audience on social media’.

SE Gin undertook similar actions. The founding entrepreneur stressed the importance of having a person solely responsible for marketing and ensuring resources were funnelled in that direction. He commented on this issue as follows: ‘We have a few countries that we prioritise. We know we have good partners and great potential. In these countries, we have larger marketing budgets and we conduct more activities.’

The learning acquired from foreign partners and consumers enabled the firms to develop new social media capabilities, such as having multiple social media accounts in different languages led by the firm itself (FI Gin) or funneling more resources into social media marketing (SE Gin) in the most promising markets in terms of sales. Internalising these type of activities serves as a way for the firms to diminish the risks connected to bounded reliability, such as having distributors that are not fully-committed and consequently might renege on agreements governing representation in foreign markets.

4.4. Strategic networks: partners’ FSAs

To overcome threats connected to bounded reliability, increase the level of trust and mutual commitment with foreign partners and ultimately the level of knowledge, we found the Finnish and Swedish case firms sought improved distribution agreements (FI Gin and SE Gin) and hired brand ambassadors (FI Gin) in foreign markets, with the ultimate aim of establishing a position of insideness in strategic networks in foreign markets.

Specifically, to enter strategic networks, FI Gin integrated social media marketing campaigns with search engine optimisation and hired local brand ambassadors in countries the management viewed as offering the best sales potential. The job of the brand ambassadors is to act locally and focus on the on-trade business (bars, restaurants, etc.) by training bar staff and creating interest around the firm. It is noteworthy that the firm stressed the importance of leveraging the social media presence of the brand ambassadors they hired. This presence is often local, as in the case of the Hong Kong brand ambassador, who uses local social media tools and particular communication styles (e.g. colloquial language). Besides speaking the local language, brand ambassadors have experience in the spirits industry and an established network of contacts (both physical and on the social media platforms). Through them, the firm obtains access to relevant local networks, such as those of bar-tenders and consumers, who are the people ordering and consuming the products. In this way, FI Gin has a better chance of becoming an insider within a target strategic network in a foreign market. The marketing manager explains:

The bartender network that we now have is also down to the brand ambassadors that we’ve hired, because they obviously bring their own network in. Some of them have a significant social media presence. And that’s something that we really encourage them to be active and to shamelessly self-promote because it’s also important that they’re the person behind the product and if it’s in a market where we can’t physically be all the time, we want the ambassador to really embody FI Gin.

By hiring local representatives in foreign markets to organise tastings and local events to attract ever more consumers, the firm can gather important local knowledge about the target market and learn how to extend their market presence. The marketing manager stresses this point:

We get a lot of valuable input from the brand ambassadors. They’re kind of my eyes and ears in the market because I don’t have that consumer insight. I don’t know. And we don’t have the money to buy the research, we just don’t, so a lot of them have worked in the industry before as well, so there’s a lot of this sort of inbuilt knowledge of how people behave, what’s trendy, you know, what kind of concerns bartenders have.

Moreover, having established a market presence in international markets through agreements with local partners, the entrepreneurs’ awareness of foreign-market conditions and the potential of bounded reliability was much improved by greater embeddedness in local networks and experiential knowledge, both FI Gin and SE Gin opted to change their distributor agreements. The CEO of SE Gin explains:

First of all, it is very important to find the right partner, and the right importer that had the most ability to do things. For instance, in the UK we just changed distributor. We had the same importer from, almost since the start, before. They did not have full coverage in the UK…so we changed to another company which I believe in a lot more. So far, we have tripled our turnover in the UK only in four months, five months, so it’s been a good change. So first of all, it’s to find the right partner, it is the most important thing…We need to have a partner that has the correct channels and knows how to promote the product. That’s the thing. This is what happened in the UK for instance, where we found a partner who could cover the entire country not just part of Manchester, who had a sales team, who has tentacles in the bar industry, with the main consumers, and the wholesalers, and everything. It’s all about cooperating with a partner that actually knows what they’re doing, and they have the
reach. So, we will never be experts in other markets, they will be.

When approaching bigger players with a stronger market presence, the firms also used social media as a validation tool to highlight the attractiveness of the product to consumers and the potential of the firm’s value offerings. The marketing manager FI Gin explained this aspect as follows:

Social media can act as part of your proof of concept. So, maybe you first have a small distributor, but maybe then you’re looking for bigger distributor or you’re expanding. . . I think that through social media... because you get statistics, you can really show that I have this many people in Germany, I have this many people in Denmark...so, from that perspective, it’s really great to just measure the impact that your brand has.

The above example illustrates the ways in which social media can support firms in reaching strategic networks in a large number of foreign markets, by offering evidence of the company’s attractiveness. That potential can be especially useful when the firm is unknown to the other party.

The empirical evidence drawn from the secondary data (see Table 3) offers examples of how the firms leveraged social media to reach strategic networks. It is evident that the social media channels of the firms support the activities of the local brand ambassadors and distributors and are used to highlight important partnerships in certain countries. If compared to when embedding in emerging networks, the firms sought high levels of coordination between their own and their partners’ social media presence. The social media posts, in fact, display great commitment to the external partners. Their content specifically aims to leverage the existing network of the foreign partners through the addition of tags (mentioning the partner in the posts) and/or by frequently re-posting the content initially published by the foreign partners. Through these mechanisms, the firms leverage the local presence of the foreign partners (e.g. distributors, brand ambassador, and bartenders), increases the commitment to the partner by providing them with visibility through their social media channels and ultimately increases global visibility reached through the online networking effects provided by the social media platforms.

It should be noted that using social media to enhance the communication with different network members (e.g. consumers, bartenders, brand ambassadors, and distributors) enables the entrepreneurs to track the product locally at the end-consumer level. With the help of local distributors with whom organisational roles and tasks are agreed, they can monitor whether the sales funnel works efficiently, and if the customer (represented by outlets rather than by individual customers) is satisfied with the product. The CEO of SE Gin explains this issue:

If we get tagged on social media by a UK bar which buys our gin, I send a screen print to our UK distributor, saying: They have our gin, do you know them? Which means the distributor contacts them every time there is a hit at a foreign bar. We send the lead to our importers, so they can follow up. If they know about them, if they need training, if they are happy, and so on, just to follow up. It is getting more and more popular. We use it more and more in the UK and Australia; they are the most common ones.

Our analysis of entrepreneurs making broader use of social media throughout the whole internationalisation process indicates social media tools are used particularly to support local foreign marketing and sales activities through enhanced communication, to align business practices in different foreign markets, and as a means to establish a proof of content to reach partners with more-established networks.

Therefore, we can conclude that by enabling learning from local partners, and by providing knowledge creation for the company relating to what happens in global locations where the product is being sold, social media can play an active role in helping entrepreneurs obtain a real-time grasp of what happens at the consumer level and monitor the attractiveness of the product internationally. The knowledge flow generated from social media platforms can then be followed-up and improved upon through physical activities implemented locally by foreign partners. We noted that when embedded in strategic networks, the firms continue their firms’ expansion in foreign markets. However, the firm move beyond relying primarily on their own social media capabilities to a stance of relying on bundling them with the social media capabilities of foreign channel partners (such as distributors, retailers, bartenders and bars) to facilitate the firms’ entry into strategic networks.

The founder of SE Gin explains the importance of supporting the activities conducted on social media with the presence of local distributors, and bartenders as follows:

In Sweden social media is very important. Otherwise...we have expos and fairs, and we have our own cocktail competitions where...we take all the bartenders from all our countries and we bring them to our region and we have them pick botanicals themselves, and make cocktails...this is a way to market ourselves to the industry, the bartenders, and towards our importers, and to the consumers. This year [a bartender] from Hong Kong won the competition. He had never been to Sweden before...and he had never seen juniper in real life...So now the experience is for life, and they’re ambassadors for life... They [bartenders] will sell so much gin and they will talk about the trip. It works very well. It’s a way for us also to show where we work is for real, the nature is real. It’s not just pictures, it’s just authentic.

This event is for the bartenders but at the same time we try to bring as many distributors, as well, because this is a way for the distributors from different countries to meet each other and to learn from each other how they work. This is our way to support the distributor in what we’re doing. Same thing when we travel to Australia, we try to promote and educate the bartenders, so they buy more from the distributors, and at the end of the day the consumers buy more.

This quote is an example of how two of our case firms (the Finnish distillery follows the same practice) integrate activity commenced on social media platforms with physical initiatives undertaken with important network partners such as bartenders and distributors. By inviting network partners and organising physical events at the distillery’s premises, the firms create a sense of community among their network partners that generate commitment and trust. Moreover, these events are closely documented through the use of social media posts and live-streams shared through the social media accounts of different partners. The physical events therefore have an impact that engages not only the people present at the time of the happening, but also all the social media friends and followers of those physically present at the event and sharing the live happenings over social media. In Fig. 2, we illustrate the functioning mechanisms of social media used to enter strategic networks in international markets.

5. DISCUSSION AND PROPOSITION DEVELOPMENT

The empirical analysis revealed the critical relevance of social media capabilities to today’s businesses and the underlying mechanisms that enable firms to enter relevant networks, used to mitigate threats of opportunism and advance their expansion in national and foreign markets. To demonstrate how social media FSAs sustain IE ventures’ expansion into foreign markets, we use the concepts of emerging and strategic networks (Håkansson & Ford, 2002; Möller, 2013) that are related to structural embeddedness (Granovetter, 1985; Uzzi, 1997). Extant research argues that those concepts are key to helping firms access appropriate knowledge to support entry into foreign markets (Uzzi, 1997), and boost learning (Larson, 1992). Furthermore, to understand the governance mechanism guiding the implementation of social media FSAs, we use internalisation as a theoretical lens and distinguish between the firms’ own social media FSAs and those of their foreign partners. We are then able to identify how firms exploit their idiosyncratic and non-location-bound FSAs, and bundle them with location-bound FSAs owned by foreign partners (Rugman & Verbeke,
Hennart, 2009) to create the new location-bound FSAs necessary to establish and strengthen their foreign-market presence during internationalisation (Rugman & Verbeke, 2001; Verbeke et al., 2014; Narula & Verbeke, 2015).

Fig. 3 incorporates our findings to present a conceptual framework illustrating how internalisation and networking can be used as theoretical lenses to understand the dynamic use of firms’ social media capabilities as FSAs (see Verbeke et al., 2014) to facilitate entering emerging and strategic networks in foreign markets through learning. Our context of analysis is international entrepreneurial ventures, which often have difficulty in establishing insidership within foreign networks and are vulnerable to threats of opportunism (Verbeke & Greidanus, 2009; Verbeke et al., 2019) and liabilities such as foreignness, newness, and smallness (Knight & Cavusgil, 2004).

5.1. The use of social media FSAs to enter emerging networks

The case analysis revealed that newly established ventures are vulnerable to a dearth of resources, but especially to a lack of business relationships. This was particularly because in all the case firms analysed, the venture represented the first entrepreneurial business experience in a field they had only recently entered. As Forsgren (2016) suggested, this translates to an initial starting disadvantage for the firm where the lack of pre-existing and dispersed network connections is reflected in an unmet condition of insidership within national and foreign networks. Moreover, because of their youth, the lack of managerial experience and networks, the firms were exposed to challenges presented by inherently opportunistic behaviour, typical of first entering foreign markets (Verbeke et al., 2019). In this critical moment in time, social media tools were employed to communicate the firms’ unique value offerings that had already been recognised in national and international competitions. Consistent with previous research, the characteristics of global reach enabled by social media (Godes, 2011; Andzulis et al., 2012) were leveraged by the firms to reach interested national and international stakeholders (Andersson & Wikström, 2017), communicate the uniqueness of their product characteristics, and market themselves internationally in an affordable way without jeopardising their already limited financial resources. More specifically, social media allowed the firms to connect with interested consumers and business buyers, such as distributors, whose interest in the product led them to approach the entrepreneurs and forward unsolicited requests to the firms about product characteristics and availability, and to establish initial foreign sales. This enabled the firms to overcome their lack of reputation and legitimacy in foreign markets (newness). At that point in the internationalisation process, we found the entrepreneurs relied upon their own social media capabilities to arouse interest among consumers and potential business partners. In this way, the firms tried to seek out and embed themselves in what prior literature defines as emerging networks (see Håkansson & Ford, 2002; Möller, 2013) which are characterised as being new, unknown, and difficult to manage. Therefore,
and consistent with previous literature, the case firms were able to use social media capabilities to foster trust and commitment among their partners to a degree sufficient to create initial network embeddedness (Sigfusson & Chetty, 2013) and as an attempt to mitigate threats of opportunism found when entering international markets (Verbeke et al., 2019). If we look at such capability through an internalisation theory lens, it can be regarded as an idiosyncratic FSA (cf. Verbeke et al., 2014). However, it should be noted that given the early entry of entrepreneurial ventures into foreign markets, the social media FSA at this stage of the internationalisation process has to be considered non-location-bound (Rugman & Verbeke, 1992).

Relying on their own social media FSAs, meant opting not to coordinate with external partners’ FSAs. This can be explained by the need to mitigate threats of opportunism that might have arisen from the first foreign-market entry (Reuber & Fisher, 1997; Verbeke et al., 2019) and by a lack of a network of connections during that initial phase (Johanson & Vahlne, 2009). When they are appropriately leveraged, non-location-bound social media FSAs trigger firm-specific internationalisation patterns (Verbeke & Ciravegna, 2019). In fact, despite the case firms all coming from SMOPEC countries and commercialising the same type of niche product with unique characteristics, those firms expanded into different countries and at different points in their development. Our analysis therefore indicates that the use of social media helped the case firms to overcome the initial shortages of financial and intangible resources and the disadvantage of being newcomers in unexplored markets, that they all suffered from, and which prior literature has referred to as the liabilities of smallness (see Hannan & Freeman, 1984; Morris, 2001) and newness (Stinchcombe, 1965). Therefore, we develop the following proposition:

**Proposition 1.** Leveraging their own non-location-bound social media FSAs enables entrepreneurial ventures to enter emerging networks and to overcome opportunistic behaviour and the liabilities of smallness and newness when approaching foreign markets.

By utilising social media’s ability to enhance communications, the entrepreneurs were able to differentiate their value offerings from those of their competitors (Fischer & Reuber, 2014). The contacts initially established through social media subsequently led to foreign business opportunities that materialised in the form of deals signed with local distributors and retailers.

At these stages of internationalisation, we found the firms were coordinating their own social media capabilities with those of the foreign partners. In fact, to commercialise their products in the foreign markets they entered, the entrepreneurial ventures relied upon the location-bound social media FSAs of local partners (Rugman & Verbeke, 1992). Doing so meant they could reduce the costs and the risks connected to the internationalisation of business transactions in markets where their knowledge of the foreign business environment was weak (as in the liability of foreignness); thus, despite social media having a potential global reach, the actual use of these platforms was local, as, for instance, when organised by the firms’ partners in foreign markets. Those FSAs included the partners’ capability to effectively communicate through social media in the local language, and indirectly access existing networks of connections. The ability of the entrepreneurial ventures to leverage their non-location-bound social media FSAs, and effectively bundle them with their partners’ location-bound FSAs was apparent in the opportunity that arose to create new location-bound social media FSAs (Rugman & Verbeke, 2001; Narula & Verbeke, 2015). The new resources helped the entrepreneurs to understand the business environment in the target market, which assisted in overcoming the liability of foreignness (Knight & Cavusgil, 2004; Zaheer, 1995, and 2002). Therefore, we offer the following proposition:

**Proposition 2.** The learning and trust acquired via a specific foreign partner enables the entrepreneurial venture to overcome opportunistic behaviour and the liability of foreignness through leveraging location-bound social media FSAs within the partner’s networks.

### 5.2. The use of social media FSAs to enter strategic networks

Our study showed that after the initial deals signed with foreign distributors, which resulted in the rapid growth of the firms (Oviatt & McDougall, 2005), the entrepreneurs sought to further grow in foreign markets. At this point, we found the behaviour of entrepreneurs shifted from creating emerging networks to intentionally leveraging the learning acquired from the foreign partners to become embedded in strategic networks (Granovetter, 1985; Larson, 1992; Lazerson, 1995; Uzzi, 1997; Gulati, 1998; Rowley et al., 2000; Håkansson & Ford, 2002; Möller & Svahn, 2006; Möller, 2013; Quinton & Wilson, 2016). In these networks, the relationships are intentionally planned, and the network partners’ organisational roles and tasks are agreed upon and distributed (Möller, 2013).

During this stage of their internationalisation, the firms’ had accumulated managerial experience that enabled them to attenuate liabilities connected to smallness, newness, and foreignness and attain a position of insiderness within emerging networks (Johanson & Vahlne, 2009); nevertheless, it was important to protect against various forms of opportunism, as illustrated in the umbrella concept of bounded reliability (Verbeke & Greidanus, 2009). In fact, rather than strong forms of self-interest such as intentional deceit, during that period the firms had to be especially vigilant against benevolent preference reversal in terms of local repositionisation or scaling back on overcommitment that might have arisen on the part of distributors and retailers. These threats might for instance be posed by a distributor that is not entirely committed to the business relationship or does not represent the firm as expected. To mitigate threats of bounded reliability, the firms relied upon the new location-bound social media FSAs that they leveraged by having idiosyncratic social media campaigns in the foreign markets that had the greatest potential to increase the firms’ sales (e.g. campaigns were often run in the local language or through the creation of dedicated social media pages in the local language). These newly acquired capabilities allowed the case firms to take control over the foreign markets and yielded improved deals with more-established distributors that could guarantee a stronger market presence. Therefore, we advance the following proposition:

**Proposition 3.** As the firm learns from its partners’ networks, it develops new location-bound social media FSAs to reduce bounded reliability when engaging with their strategic networks.

Those firms that saw further business potential in their target foreign markets tried to build stronger relationships with their network partners by intensifying local business activities. Accordingly, they hired local brand ambassadors and partnered with distributors that had extensive market knowledge and a strong local social media presence. By exploring the location-bound social media FSAs brought by these new network partners and represented by the capability to use social media sites in the local foreign language (as in the case of the Hong Kong or Germany brand ambassadors) and by leveraging their established networks of connections, the firms gathered further information on the foreign market. By exploring these resources and bundling them with their existing and enhanced social media FSAs, the entrepreneurial ventures created new location-bound social media FSAs that allowed them to grow further into the markets entered. Therefore, during this time, it appears that the firms increased the coordination between their own social media capabilities and those of their network partners. The higher level of commitment extracted from a position of insiderness within strategic networks entails an increase in governance costs related to managing and coordinating the activities among the network partners (e.g. through enhanced communication and more frequent meetings in person). Nevertheless, such costs are bearable if compared to the governance costs related to opportunism (see also, D’Cruz & Rugman, 1994), and those of bounded reliability more broadly speaking, which
are moreover counter-balanced by gains in trust stemming from the relationships with strategic network partners (cf. Ring & Van de Ven, 1992; D’Cruz & Rugman, 1994; Sigfusson & Chetty, 2013). Therefore, we suggest the following proposition:

Proposition 4. The learning and commitment extracted from a strategic foreign partner enable the entrepreneurial venture to bundle new location-bound social media FSAs with its own FSAs, to overcome bounded reliability and the liability of outsidership.

6. CONCLUSIONS

By analysing the role of social media during the internationalisation process of entrepreneurial ventures, this multiple-case study offers new insights into the increasingly relevant phenomenon of using social media for international business purposes (Fischer & Reuber, 2011, 2014; Sigfusson & Chetty, 2013; Alarcón-del-Amo et al., 2018). Therefore, this research combines internationalisation theory and network literature (e.g. Johanson & Vahlne, 2009) to contribute to international entrepreneurship research (Verbeke & Ciravegna, 2018) in several ways. Our analysis focuses on how entrepreneurial firms coordinate their own social media capabilities and those of their partners to facilitate embeddedness in emerging and strategic networks and mitigate threats of opportunism and bounded reliability found in international markets (Williamson, 1985; Verbeke & Greidanus, 2009; Verbeke et al., 2019).

We focus on the concept of entrepreneurial social media capability by relying on idiosyncratic FSAs, a concept borrowed from internationalisation theory (Verbeke et al., 2014). Specifically, we apply the concept of a firm having a non-location-bound social media capability and its foreign partners having location-bound social media capability (Rugman & Verbeke, 1992; 2001) to examine the entrepreneurial ventures’ capability to bundle and recombine both forms into new location-bound social media FSAs. By using a capabilities perspective, we add to the growing stream of research on the role of different capabilities for the internationalisation process of entrepreneurial ventures (Freixanet and Renart, 2020; Toistoy et al., 2020 in press).

In addition, the research contributes to international entrepreneurship literature by revealing the governance mechanisms and learning that constitute a dynamic process (see Fig. 3) through which entrepreneurs can use social media to overcome the liabilities associated with outsidership (Johanson & Vahlne, 2009; Sigfusson & Chetty, 2013), newness (Stinchcombe, 1965), smallness (see Hannan & Freeman, 1984; Morris, 2001), and foreignness (Zabeh, 1995, and 2002), which hinder the firms’ chances of overcoming threats of opportunism and bounded reliability typically encountered when approaching foreign markets (Verbeke & Greidanus, 2009; Verbeke et al., 2019).

Despite providing in-depth knowledge on the analysed phenomenon, given its qualitative nature, the current study is limited in terms of the statistical generalisability of its results to the type of firm investigated. However, to the extent that the starting conditions are similar in other business endeavours and industries, the findings may be diffused to other contexts. This opens avenues for future studies in the area, where the use of entrepreneurial social media capabilities during the international growth of firms operating in various industries and commercialising diverse products might be analysed.

By introducing concepts such as non-location-bound and location-bound social media FSAs, our study suggests the dichotomous nature of social media platforms. In fact, whereas these means of communication entail a potential for the firms to reach international audiences, in reality we found their use was often local. We believe this leaves some open questions for future research that could consider whether these platforms should truly be perceived as global, especially when considering the firms’ marketing and communication efforts directed towards geographically dispersed consumers.

Moreover, our results are drawn from a multiple-case study of firms from SMOPECs – Finland, New Zealand, and Sweden. Future research based on firms from large economies and facing different challenges would be welcome in order to extend and validate the suggested framework and propositions. Diverse methodological approaches could also be implemented to examine the topic further. Specifically, future research might attempt to quantitatively identify, measure, and assess the effect of firms’ social media capabilities on the internationalisation process. The current research advances theory on an under-researched phenomenon (Yin, 2009) where previous research has been called for (Fisher & Reuber, 2011, 2014; Sigfusson & Chetty, 2013). Therefore, our recommendation for future research would be to continue to scrutinise the integration of internalisation theory and international networking literature.

6.1. Managerial and policy implications

From a managerial standpoint, our findings illustrate that it is important for international entrepreneurs to leverage social media throughout their internationalisation process. In order to deal with the opportunism found in international markets, firms must recognise their own social media capabilities, and see the potential in those of their partners. Accordingly, they need to strategise by making decisions based on internalising these activities or effectively recombining them with those of network partners, when expanding in foreign markets. In this process, it is important that the entrepreneurs learn from their foreign partners so as to extend their own social media capabilities and establish an insidiously position by progressing from emerging to strategic networks. Firms should use social media selectively in foreign markets, as the approach could be more fruitful in some markets than others. We encourage international entrepreneurs to consider the potential global reach of social media in tandem with its effectiveness – that often relies on a local approach such as marketing campaigns in foreign languages or cooperation with foreign partners with a strong presence on local social media. An implication for policy-makers is that they should train entrepreneurs on how to use social media effectively, as it is less costly, time-consuming, and more sustainable than alternative channels.

Acknowledgements

This research was funded by the Academy of Finland. The authors would like to thank Dr. Irina Mihailova for useful comments on previous versions of this article. Also, the authors would like to express their gratitude to Christian Schwens, the editorial team of the special issue, and the anonymous reviewers for their constructive guidance.

References

Achrol, R. S. (1996). Changes in the theory of interorganizational relations in marketing: Toward a network paradigm. Journal of the Academy of Marketing Science, 25(1), 56–71.

Alarcón-del-Amo, M., Rialp-Criado, A., & Rialp-Criado, J. (2018). Examining the impact of managerial involvement with social media on exporting firm performance. International Business Review, 27(2018), 355–366.

Andersson, S., & Wikström, N. (2017). Why and how are social media used in a B2B context, and which stakeholders are involved? Journal of Business & Industrial Marketing, 32(8), 1098–1108.

Andrulaitis, J. M., Panagopoulos, N. G., & Rapp, A. (2012). A review of social media and implications for the sales process. Journal of Personal Selling & Sales Management, 32(3), 305–316.

Aparicio, S., Audretsch, D., Urbano, D. Why is export-oriented entrepreneurship more prevalent in some countries than others? Contextual antecedents and economic consequences. Journal of World Business. Article in Press.

Buckley, P. J. (2016). The contribution of internalisation theory to international business: New realities and unanswered questions. Journal of World Business, 51(1), 74–82.

Chetty, S., & Agndal, H. (2007). Social capital and its influence on changes in internationalization mode among small and medium-sized enterprises. Journal of International Marketing, 15(1), 1–29.

Chetty, S., Gjalal, A., & Leppäaho, T. (2015). Effectuation and foreign market entry of entrepreneurial firms. European Journal of Marketing, 49(9/10), 1436–1459.

Chi, T. (2015). Commentary: Internalization theory and its relation to RBV and TCE. Journal of World Business, 50(4), 634–636.
Yin, R. K. (2009). *Case study research: Design and methods*. Thousand Oaks, CA.

Yli-Renko, H., Autio, E., & Toettil, V. (2002). Social capital, knowledge, and the international growth of technology-based new firms. *International Business Review, 11*(3), 279–304.

Ysa, T., Colom, J., Albareda, A., Ramon, A., Carrión, M., & Segura, L. (2014). *Governance of addictions: European public policies*. OUP Oxford.

Zaheer, S. (1995). Overcoming the liability of foreignness. *Academy of Management Journal, 38*(2), 341–363.

Zaheer, S. (2002). The liability of foreignness, redux: A commentary. *Journal of International Management, 8*(3), 351–358.

Zhou, L., Wu, W. P., & Lao, X. (2007). Internationalization and the performance of born-global SMEs: the mediating role of social networks. *Journal of International Business Studies, 38*(4), 673–690.

Zukin, S., & DiMaggio, P. (Eds.). (1990). *Structures of capital: The social organisation of the economy*. CUP Archive.