Master Thesis

THE STRATEGIC USE OF BUSINESS MODELS TO FACE UNCERTAINTIES AND ITS EFFECT ON THE SPEED OF INTERNATIONALISATION

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Abstract

The aim of this research paper is to explore how SMEs strategically use the elements of Shafer's Business Model in order to face both internal and external uncertainties, and secondly how this affects their speed of first market entry, speed of deepening and geographical diversification. This will be addressed through the research question: *How can SMEs use their business model as a strategic tool to face uncertainties and how does it affect their internationalisation speed?* With an interpretivist ideology, this research paper is, based on a single case study, implementing an abductive approach with systematic combining, with the purpose of developing an integrated framework for SMEs. The qualitative data consists of semi-structured interviews with the retail manager, diamond department manager and a supplier of the case company.

Based on the analysis, the study concludes that the internal and external uncertainties are faced through the elements of strategic choices and the value network, while the elements of creating and capturing value support the strategic use of the other elements. The conclusion is that each dimension of speed is affected by different elements of the business model as they are used to face uncertainties, depending on the stage of firm internationalisation.

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1 Introduction

For the past couple of decades, globalisation has increased, which has created opportunities for SMEs to expand to multiple foreign markets. SMEs experience a higher exposure of uncertainties when expanding to psychically and geographically distant markets when the speed of internationalisation is accelerated (Johansen & Vahlne, 1977).

Due to substantial attention on the internationalisation of SMEs, business models as a strategic tool are frequently used to create and capture value in international operations (Shafer et al., 2005).

Although business models have gained more attention theoretically and practically, they are a new strategic tool for many SMEs, which some are unable to use sufficiently, as business models have many different definitions and components (Shafer et al., 2005; Schneckenberg et al., 2016). Applying a business model in a sufficient manner can be useful for SMEs' performance in both domestic and foreign markets, as it provides them with a structured plan of how to deliver, create and capture value within their operations (Andries et al., 2013; Brillinger, 2018).

Furthermore, by implementing a business model, SMEs can adapt the components to strengthen their position, should they face uncertainties (Brillinger, 2018). This includes the development of new forms of value proposition, value creation, value delivery and value capturing, which can ensure profitability and competitiveness (Brillinger, 2018; Shafer et al., 2005).

2 Problem Justification

This chapter provides an overview of the research paper's topic including the justification for the importance of utilizing business models strategically to face uncertainties and their effect on the speed of internationalisation. Followed by the problem justification, the research question is presented.

2.1 The use of business models as a strategic tool to face uncertainties

Within extant literature, changes and adaptation within the business model are frequently highlighted, as a method to cope with and eliminate uncertainties (Andries et al., 2013; Brillinger, 2018; Overby and Min, 2001). There exist specific drivers, which push SMEs to change or adapt their business model, e.g., technological changes, competitive pressure, demand uncertainties, unique country risks and cultural differences (Brillinger, 2018; Overby and Min, 2001).

Network and strategy are, among others, important factors when changing or adapting business models, as they can be utilised to obtain resources and capabilities that SMEs are lacking and to assist in generating new ideas (Brillinger, 2018).

Creating value through business models has become increasingly difficult, as previous simple relationships with suppliers and customers have developed into complex and dynamic value networks involving an increased number of actors (Brillinger, 2018). Although the complexity in value networks can generate more ideas and shared risks, it can cause further uncertainties. Consequently, SMEs have to cope with the uncertainties that follow, when expanding their international operations (Schneckenberg et al., 2016). The uncertainties derived from the business environment or within the business model can threaten SMEs' profitability, goals and values (Brillinger, 2018). To develop a profitable and sustainable business model, SMEs must identify and manage the uncertainties. Among the uncertainties, SMEs should take notice of, lie within key resources and capabilities, the management and the network (Brillinger, 2018). Most SMEs experience a scarcity in of resources and lack of capabilities, competition and dependency among divergent management on resources within the network. This forces SMEs to find an effective approach to manage uncertainties, which support decision-makers to make active choices in strategic contexts (Schneckenberg et al., 2016).

2.2 Changes in the business model and its effect on the internationalisation speed

When analysing the speed of internationalisation, there are multiple dimensions that can be considered, and one may be affected by different elements and uncertainties. The strategies that SMEs execute through their business models differ depending on their stage of internationalisation. For instance, an expansion from the domestic market to the first foreign market contain different strategies than increased commitment in foreign markets. Accordingly, the speed of internationalisation is affected differently, depending on the purpose of strategic choices (Hsieh et al., 2019, Langseth, et al., 2015; Hilmersson & Johanson, 2015). Consequences of rapid internationalisation can arise and affect SMEs performance if they overcommit due to lack of resources (Hilmersson & Johanson, 2015). To avoid threatening consequences, SMEs will benefit from implementing international strategies that balance between the available resources and international opportunities (Chetty et al., 2014).

According to Hilmersson & Johanson (2015), internationalisation speed of SMEs can be described as the speed at which resources and capabilities for internationalisation are developed. SMEs operated by managers who are capable of allocating limited resources for international opportunities will experience a quicker and more stable internationalisation. Thus, internationalisation speed is a challenge for the decision-makers (Chetty et al., 2014). On one hand, the allocation of resources for opportunities is essential for SMEs, due to their limited available resources. On the other hand, rapid internationalisation can stretch resources and challenge capabilities, if the SMEs are unable to manage that stage (Chetty et al., 2014; Hilmersson & Johanson, 2015). Therefore, SMEs must consider their business model in conjunction with the surrounding uncertainties, when expanding international operations. Moreover, SMEs are forced to adapt and change over time and between contexts, as the internationalisation strategy applied in one market may not be applicable for other markets (Hilmersson & Johanson, 2015). Thus, it is crucial for SMEs' decision-makers to balance the speed of internationalisation and the strategic choices in order to face uncertainties.

The problems related to the concepts of business models, uncertainties and internationalisation speed lead to the following research question:

How can SMEs use their business model as a strategic tool to face uncertainties and how does it affect their internationalisation speed?

3 Literature review

This chapter presents the theories and relevant concepts within the scope of the research topics business models, uncertainties and speed of internationalisation and the connection between them. Within the business models, strategic decisions, resources and capabilities and network relationships are highlighted, while within uncertainties, the main focus is environmental and general internal uncertainties that SMEs must face. Lastly, relevant dimensions and forces of the speed of internationalisation are presented to provide a theoretical foundation of the concept.

3.1 Business models as a strategic tool

Within extant literature numerous scholars have researched how elements in the business model can be utilised or adapted to enhance international performance, whether it is the network, strategies, resources etc. (Langseth et al., 2016; Kraus et al., 2017; Caputo et al., 2016; Jin & Jung, 2016; Maria & Ganau, 2016; Kenny & Fahy, 2011; Freeman & Styles, 2014; Cucculelli & Bettinelli, 2015; Barney, 1991; Hilmersson & Johanson, 2015). However, the literature does not focus on how uncertainties can be faced by using the business model as a strategic tool, but rather on how changes in the business model affect international performance. Furthermore, scholars such as Child et al. (2017), argue that some factors make SMEs choose one type of business model over another and that business models applied in the domestic market are not necessarily applicable in international markets. Those factors are the industry, level of home economy development and decision-makers' international experience. Therefore, business models are viewed as an activity system to generate value and are affected by institutions in the domestic and international markets where uncertainties can arise (Child et al., 2017).

Among the elements of business models, network relationships has received significant attention in the SME literature, both related to the limitation of resources and international performance. Langseth et al. (2016) and Kraus et al. (2017) argue that network relationships allow SMEs to internationalise more rapidly, due to the fact that limitations of internal resources can be replaced or supported by the network in the form of external resources. Indeed, this exploitation of networks can help SMEs overcome the liability of smallness, outsidership and/or newness by forming strategic alliances with network partners. This provides them with resources that would have taken years to gain otherwise (Kraus et al., 2017), which would increase the speed of internationalisation. According to Caputo et al. (2016) especially network alliances are of significant importance to SMEs in transition economies where sufficient support of businesses is limited. Hence, it is necessary for SMEs to look for partners with capabilities and resources to support their operations. It is further argued in the literature that network relationships and the resources and capabilities that follow, can be used to overcome or face uncertainties and constraints (Langseth et al., 2016; Caputo et al., 2016; Jin & Jung, 2016). Thus, these are elements that SMEs should focus on when using their business model as a strategic tool. Specifically, SMEs are able to face uncertainties by exchanging information with network partners who are locally embedded in a host market and are more familiar with local contexts (Kraus et al., 2017; Maria & Ganau, 2016). If SMEs operate under limited capital, they can build a network of weak ties that requires less investment than a network with strong ties (Langseth et al., 2016).

A relevant theory in the literature that focuses on networks is the Revisited Uppsala Model of Johanson & Vahlne (2009). The authors express the importance of networks in companies' internationalisation by arguing that earlier, markets were characterised by independent suppliers and customers, while the business environment now has changed to a web of relationships (Johanson & Vahlne, 2009). The revisited model differs from their original model in the sense that, instead of uncertainties being correlated with psychic distance, it is rather related to outsidership regarding the network. Specifically, the original Uppsala Model does not consider the influence networks have on internationalisation, which plays a crucial role when expanding foreign operations (Johanson & Vahlne, 2009). To face uncertainties related to liability of outsidership, it is implied that SMEs should focus most of their operations towards the value network.

The element added to the revisited Uppsala model is trust-building and knowledge creation, as the new knowledge is developed through relationships (Johanson & Vahlne, 2009). Overcoming barriers when entering a foreign market, is becoming less important than strengthening the network position. Therefore, commitment is increased when stronger relationships have been developed. Furthermore, Johansen & Vahlne (2009) state that the internationalisation process is about developing opportunities rather than overcoming uncertainties. It can therefore be argued that Johansen & Vahlne (2009) imply that uncertainties may not be faced directly, but rather indirectly by improving and developing relationships. Therefore, Johanson & Vahlne (2009) see relationships and networks as minimising the are liability of foreignness, whereas the liability of outsidership, which correlates with the position of firms in networks that can ease the speed of foreign market entry and the speed of deepening in any particular foreign market. Moreover, the revisited model can be criticised for being highly relevant to companies that operate fundamentally as a network, meaning that companies following who have no network insidership will be in a disadvantageous position and thus, their speed of market entry or deepening may be slowed down.

Jin & Jung (2016) highlight the importance of human capital, in the development of business networks, where hiring internationally experienced managers and consultants can provide SMEs with decision-makers that can further expand the network and direct strategies. However, the literature does not include how these decision-makers contribute to the use of business models and how SMEs can face uncertainties through them.
Furthermore, according to Kenny & Fahy (2011), human capital resources can be accessed or used to facilitate the company's international expansion efforts within the network, while network management capabilities potentially can create a competitive advantage. To further gain competitive advantages, Freeman & Styles (2014) argue that knowledge creation is critical, and when obtaining knowledge, the network is an important driver.

Another aspect of the extant research is oriented towards strategic choice in internationalisation and business models. Entrepreneurs of SMEs exercise strategic choices that may be affected by their international experience, and therefore it is argued that experiential knowledge is an important ability in the international activities of SMEs (Child et al., 2017). Thus, the decision-makers of the company play a crucial role when using business models as a strategic tool to face uncertainties. Strategies are an important part of both business models and international activities, and strategic outcomes are necessary for SMEs' export performance (Kraus et al., 2017; Freeman & Styles, 2014). Cucculelli & Bettinelli (2015) and Langseth et al. (2016) highlight innovation as a strategic tool of importance within the business model and internationalisation speed. Cucculelli & Bettinelli (2015) argue that business model innovation in the form of investment into intangibles such as R&D and advertising are essential to exploit international opportunities. By successfully designing and innovating business models to exploit opportunities, SMEs are more capable of gaining a competitive advantage (Cucculelli & Bettinelli, 2015). Although the literature mentions business model innovation often, it will not be focused on in this research paper as the focus instead is on using the business model as a strategic tool to face uncertainties.

Another method of gaining competitive advantage is to accumulate, combine and leverage resources in unique ways (Barney, 1991; Kenny & Fahy, 2011). Here, the resource-based view (RBV) is commonly referred to in the literature, as a way of creating a lucrative position for the company. As SMEs have constraints in the form of limited resources, the RBV is a theory that is often connected to the internationalisation of SMEs. Wernerfelt (1984), Barney (1991) and Penrose (1959) are among scholars who have researched the theory in depth. According to Wernerfelt (1984), competing for resources with other companies can cause implications in their ability to gain competitive advantages through market strategies. Resources are tangible or intangible assets that companies can use or implement in their strategies and become valuable when they contribute to increasing revenues and decreasing costs (Barney & Arikan, 2006). Thus, resources play a crucial role in optimising and creating value in SMEs' business models and the ability to face uncertainties in international markets. To become successful, companies must utilise internal resources by combining them in ways that provide the company with competitive advantages (Barney, 1991; Kenny & Fahy, 2011). Penrose (1959) highlights that growth is gained through combinations of resource acquisition and opportunity exploitation, where more opportunities are presented when new resources are gained and combined in unique ways (Penrose, 1959; Kenny & Fahy, 2011). Thus, companies can face uncertainties by combining resources while also exploring more opportunities, which can affect their internationalisation speed. According to Barney (1991), companies gain competitive advantages when resources are valuable, rare, imperfectly imitable, and non-substitutable. Furthermore, it is argued that those resources are not advantageous unless companies have managerial capabilities to describe and understand the company's performance potential (Barney, 1991). This highlights the importance of the decision-makers when changing or adapting the business model to face uncertainties. Teece et al. (1997) describe the managerial capabilities and companies' ability to stay flexible and innovative in rapidly changing environments as dynamic capabilities. Thus, in markets characterised with a high degree of uncertainties, companies can achieve new forms of competitive advantages by reconfiguring, building or integrating internal and external capabilities (Teece et al., 1997). Therefore, when facing uncertainties through changing or adapting resources and capabilities in the business model, companies increase their chances of gaining a competitive advantage. However, the RBV has been criticised in several ways. One of the criticisms implies that the RBV is lacking a theory for company growth and how strategic resources can be used as a driver for growth. Furthermore, the theory is missing the interaction between resources, which may be more useful in understanding the strategic aspect of how companies are constructed, rather than focusing on underlying individual resources (Wills-Johnson, 2008). Lastly, the scholars have not related the RBV to the business model and how resources and capabilities can be used to face uncertainties.

Within the extant literature of internationalisation speed, Langseth et al. (2016) focus on the speed of SMEs and argue that companies that are innovative are more likely to internationalise rapidly, as they conclude that unique products, first to market and need for growth, is important for SMEs to internationalise quicker. According to Hilmersson & Johanson (2015), companies with slower internationalisation must make more strategic choices and changes to their business model, as they mainly are familiar with their home market. The earlier and faster SMEs expand to international markets, the quicker they must adapt the business model to those markets. However, companies that internationalise rapidly have higher costs, as they need to develop capabilities faster (Hilmersson & Johanson, 2015). As this research paper is exploring how the internationalisation speed is affected by the changes that occur when using the business model as a strategic tool to face uncertainties, it differs from the extant literature in which internationalisation speed is the main variable.

Maria & Ganau (2016) argue that both distribution and marketing strategies are of significant importance when SMEs internationalise, thus, to achieve successful internationalisation, the distribution strategy of the choice of entry and how to manage the foreign markets is crucial. As the foreign markets are different from the domestic market, SMEs are forced to adapt their marketing strategy. If marketing capabilities are successfully adapted, their export performance may be improved (Maria & Ganau, 2016). However, it is not mentioned how or if other elements of the business model should be changed to improve performance, neither are uncertainties mentioned as a variable that can affect performance.

3.2 Business model frameworks

Business models are a strategic tool that scholars have interpreted differently; thus, multiple types of business model frameworks are presented in extant literature. As the purpose of this research paper is not to review the different frameworks, but instead to discuss how business models can be used as a strategic tool to face uncertainties, only the Business Model Canvas and Shafer's Business Model are reviewed.

3.2.1 Business model Canvas

Alexander Osterwalder has created the Business model Canvas as a strategic tool for companies to create a structure over their business plan. Within the Business Model Canvas, there are nine basic building blocks, which illustrate the intentional strategy a company wishes to profit from (Osterwalder & Pigneur, 2010). The nine building blocks are value proposition, customer segments, customer relationships, channels, key activities, key resources, key partners, cost structure and revenue streams.

The purpose of the first block, "value proposition", is to find potential solutions to solve customer problems and provide the customers with value for their needs. Secondly, within "customer segments", a company must choose which customer segments to serve and ignore in order to be able to fulfil the customers' needs. After establishing the customer segments, it is important to know how to maintain a relationship with the customers, which is done through customer relationships. The element "channels" is used to specify the most efficient method to communicate with the customers and further, how to deliver the value proposition to them. The "key activities" describe what activities the company must perform in order to have a successful business model. The "key resources" are the most important assets to make the business model work successfully, as they allow the company to create the value proposition, reach the desired market and maintain their relationships with their customers. The "key partners" refer to the network of the company, which supposedly helps the business model work successfully and reduce risks. This includes the company's suppliers and partners. The "cost structure" shows the expenses of the company and lastly the "revenue streams" shows how and where the company plans to earn their revenue. (Osterwalder & Pigneur, 2010). Although the Business Model Canvas is often referred to in literature and has valid considerations, the tool comes with its limitations. All of the above-mentioned components are relevant to include in a business model, but they are restrictive in the sense that the user is unable to include the external factors that can affect the business such as competitors, the regulatory institutions, etc. Moreover, another limitation is that there are no links between the nine building blocks and that the detail in each of them differs, seeming that not all of them are equally important (McFarlane, 2017).

3.2.2 Shafer's Business Model

Shafer et al. (2005) have explored the extant literature on business models and during their research, they have found 12 different definitions of a business model (literature from 1998 to 2002) and 42 different components. According to the authors, none of those definitions had been accepted in the business community unanimously, which is why they offer a simpler definition based on their research as:

> *"a representation of a firm's underlying core logic and strategic choices for creating and capturing value within a value network"* (Shafer et al., 2005).

From this definition and the 42 elements of business models, they have extracted four key components which are *strategic choices, create value, capture value* and *value network*.
Each of the components has several elements which were extracted from the 42 elements. Within *strategic choices* lie customer (target, market and scope), value proposition, capabilities, revenue, competitors, output, strategy, branding, differentiation and mission. Within *create value* the elements are resources/assets and processes/activities. Within the term *capture value* lie cost, financial aspects and profit. Lastly, within the *value network* lie suppliers, customer information, customer relationship, information flows and product/service flows.

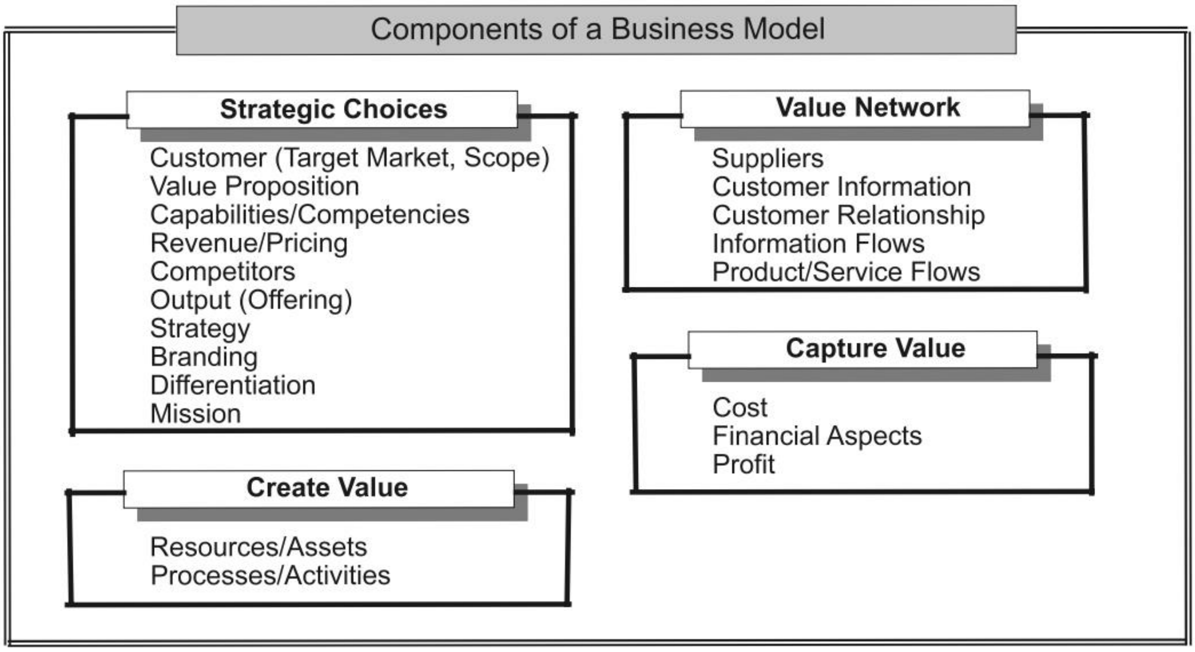

Figure 1: Shafer's Business Model, 2005

Since, according to Shafer et al. (2005), the survival of a business is directly linked to its ability to create and capture value, business models are a key element in their survival. Furthermore, business models are a sufficient tool for top management to communicate their strategic choices with the rest of their team, which in the long run can strengthen the success of the business due to fewer communication barriers. However, the literature misses discussing the relevance of how a business model can be used as a strategic tool to face uncertainties.

With that being said, using a business model in an incorrect way can put the business into difficult situations (Stigsager & Michaeler, 2015). Shafer et al. (2005) define four different problems, which are common within the use of a business model; (1) "*Flawed assumptions underlying the core logic"*, which is when the core logic is based on unsure and untested assumptions. (2) "*Limitations in the strategic choices considered"*, which is when only parts and not all of the business' core logic for creating and capturing value are addressed in the business model. (3) "*Misunderstandings about value creation and value capture"*, which is when the focus is mainly on value creation to the point where value capture is ignored. (4) "*Flawed assumptions about the value network"*, which is when assuming that the existing value network will stay unchanged in the future (Shafer et al., 2005).

Thus, using a business model to face uncertainties has to be done appropriately with the inclusion of testing the business opportunity, including all business ideas in the business model, focusing on all components equally as they are equally important for a successful business and having made considerations and plans for the future. Using a business model to face uncertainties can therefore become a disadvantage as it can create more uncertainties if not used appropriately.

3.3 Environmental and internal uncertainties of SME internationalisation

The literature acknowledges that SMEs face uncertainties when internationalising to foreign markets, where most of the attention is faced towards environmental uncertainties or general internal uncertainties that are common among SMEs (Langseth et al., 2016; Chetty & Campbell-Hunt, 2003; Caputo et al., 2016; Kraus et al., 2017; Maria & Ganau, 2016; Jin & Jung, 2016; Freeman & Styles, 2014; Hilmersson & Johanson, 2015; Kenny & Fahy, 2011; Overby & Min, 2001). It is a common conclusion within the literature, that due to lack of resources and knowledge SMEs' internationalisation is affected as it may constrain them from competitive advantages and further expansions (Langseth et al., 2016; Chetty & Campbell-Hunt, 2003; Caputo et al., 2016; Kraus et al., 2017; Maria & Ganau, 2016; Jin & Jung, 2016; Freeman & Styles, 2014; Hilmersson & Johanson, 2015). The necessary knowledge needed to increase commitments must mainly be found in foreign markets and be characterised as experiential knowledge, as this cannot be as easily acquired as objective knowledge. Furthermore, there is a need for both general and market-specific knowledge, as the general knowledge can be transferred from one market to another, while the market-specific knowledge can only be gained in one market. If the firms are unable to gain the knowledge needed to increase commitments in foreign markets, committing would involve a higher degree of risk and uncertainty, as the psychic distance between countries makes knowledge a central element in facing uncertainties (Johanson & Vahlne, 1977). Langseth et al. (2016) argue that limited resources are an uncertainty for international operations, and it will create greater uncertainties for SMEs when internationalising, than MNEs. Furthermore, it is emphasised that the presence of multiple uncertainties may affect SMEs' chance of survival, if they undergo early and rapid internationalisation and facing the uncertainties will require experiential knowledge (Langseth et al., 2016; Kenny & Fahy, 2011). Thus, SMEs mainly build their first international operations around exporting, which involves fewer uncertainties, while taking small steps towards increased internationalisation as more resources, capabilities and experiential knowledge is acquired (Kenny & Fahy, 2011; Kraus et al., 2017; Chetty & Campbell-Hunt, 2003). Due to increased turbulence in the business environment, resources and capabilities have become the main source of sustaining a competitive advantage and acquiring them minimises uncertainties (Freeman & Styles, 2014). Therefore, to avoid unnecessary risks SMEs should retain themselves from substantial commitments until capabilities are built (Freeman & Styles, 2014). Caputo et al., (2016) argue that location uncertainties such as political risks, instability and lack of transparency, can force SMEs to accelerate their internationalisation process. On the other hand, expanding to a foreign market may also involve uncertainties, depending on the complexity of the entry mode, and distract SMEs from important resources in the domestic market (Caputo et al., 2016; Hilmersson & Johanson, 2015). According to Maria & Ganau (2016), SMEs can use export diversification, which allows them to reduce uncertainties by managing various foreign markets. However, managing multiple foreign markets may also lead to uncertainties, which makes it necessary to choose markets with the fewest uncertainties (Maria & Ganau, 2016). Despite that, it is relevant to note that unexpected uncertainties can occur even in foreign markets where companies have gained substantial knowledge. Furthermore, they argue that SMEs experiencing liability of outsidership are at a disadvantage when not being connected to the network in the foreign market. Here, Jin & Jung (2016) highlight that building informal networks can help lower uncertainties that are associated with foreign market entries, transaction costs and risks. Overby & Min (2001) present environmental uncertainties that act as a driver for network orientation. Firstly, technological changes force SMEs to respond quickly to changes and be cautious with the internalisation of resources and capabilities. Secondly, SMEs need to be aware of unique country risks such as political risks, ownership/control risks, operation risks and transfer risks. Lastly, cultural distance can be challenging in terms of marketing products, managing workforces and dealing with governments (Overby & Min, 2001).

3.4 Forces, dimensions and theories of internationalisation speed

Speed of internationalisation is an often mentioned concept due to its importance within internationalisation literature. The literature suggests endless modes and theories of

internationalisation depending on the goal, resources, capabilities, products, etc. (Hsieh et al., 2019, Langseth, et al., 2015; Chetty & Campbell-Hunt 2003; Caputo et al., 2016; Jin & Jung, 2016; Hilmersson & Johanson, 2015; Raymond et al., 2014; Kraus et al., 2016; Johanson & Vahlne, 1977). The Uppsala Model by Johanson & Vahlne (1977) is developed from the assumption that since several studies conclude firms gradually increase their international involvement, the characteristics of the process influence the pattern and pace of internationalisation of firms. In the Uppsala Model, they focus on the gradual internationalisation of the individual firm and further how integration and the use of knowledge increase the commitments of the firm to foreign markets (Johansen & Vahlne, 1977).
But what exactly is 'speed of internationalisation'? Previous studies suggest that there are different factors that can determine the speed of internationalisation of a company. This includes technology, manager's mindset, knowledge intensity, network, international experience and orientation and foreign market knowledge (Hsieh et al., 2019, Langseth, et al., 2015; Chetty & Campbell-Hunt 2003; Caputo et al., 2016; Jin & Jung, 2016). Furthermore, within the speed of internationalisation, there are three dimensions that clarify exactly what the concept is; (1) the speed of identifying a potential opportunity and the first market entry (2) the speed of expansion to new follow up markets and (3) the speed of the physical market commitment and sales in the specific market (Hsieh et al., 2019, Langseth, et al., 2015; Hilmersson & Johanson, 2015) Within the last dimension lie further dimensions which are (1) the speed of change in a firm's international commercial intensity (2) speed of change in its breadth of international markets and (3) speed of change in its resource commitment abroad (Hsieh et al., 2019; Hilmersson & Johanson, 2015). Hsieh et al. (2019) use the above-mentioned dimensions to create their own simplified dimensions namely, *"(1) how early a firm makes first sales abroad since its founding (earliness), (2) the speed of deepening, and (3) the speed of geographic diversification"* (Hsieh et al., 2019, p. 270).

The literature suggests that within each dimension, there are important factors that determine the speed of internationalisation, that can be summed up into;

- The role of previous international knowledge, experience and skills and how to use them (Chetty & Campbell-Hunt, 2003; Caputo et al., 2016; Kenny & Fahy, 2011; Jin & Jung, 2016).
- The network of the top management (Caputo et al., 2016; Jin & Jung, 2016; Raymond et al., 2014),

- The negative correlation between high-speed internationalisation and international performance, due to the need for capabilities (Hilmersson & Johanson, 2015).
- The positive correlation between rapid investment and high cost, which at the end will not ensure increased sales (Hilmersson & Johanson, 2015),
- The need for resources and capabilities for speed and higher international performance (Hilmersson & Johanson, 2015)
- The importance of financing (Kraus et al., 2016).

Furthermore, networking has been mentioned several times within the literature, but Kraus et al. (2016) specify that it is not any kind of network but rather business networks that affect SMEs' speed of internationalisation.

Oviatt and McDougall (2005) have created a model in which they present the forces that influence the speed of internationalisation. According to the authors, the speed of internationalisation is determined by four types of forces which are enabling, motivating, mediating and lastly, moderating. The force *enabling* makes it possible to have an accelerated internationalisation process (Oviatt and McDougall, 1999) where transportation, communication and digital technology are the foundation of rapid internationalisation (Oviatt and McDougall, 2005). The second force, which is the *motivating* force of competition, explores how companies are forced to internationalise quickly in order to stay competitive. If they do not internationalise quicker than their competitors in the domestic or international market, they might lose the opportunity to be innovative (Oviatt & McDougall et al., 1994; Oviatt & McDougall, 1995; Oviatt and McDougall, 2005). The third force of internationalisation speed is *mediating*, namely the person or group of people that make the decisions. The ability to discover and act on certain opportunities is central to internationalisation (Oviatt and McDougall, 2005). They are usually people with years of international business experience and risk-takers, who have the ability to observe and interpret potential opportunities. The fourth force, *moderating*, is split into two types of influencing factors, namely knowledge intensity and international network. After the mediating actor locates an opportunity, the knowledge intensity and their international network determine the speed of the company's internationalisation (Oviatt and McDougall, 2005).

Because there are different dimensions and different forces within the speed of internationalisation, the SMEs' business models will most likely differ depending on which stage or market they are in. This also means the speed of internationalisation depends on the forces that influence it. Furthermore, within each dimension, there are different uncertainties that SMEs might face, thus a business model is a strategic tool meant to be changed or adapted depending on the environment of the SME, rather than being static and unchangeable

3.5 Research gap

Throughout the extant literature, it is noticeable that there is a literature gap in connecting uncertainties, business models and internationalisation speed. Numerous sources focus on environmental and/or internal uncertainties that affect SMEs' internationalisation (Langseth et al., 2016; Chetty & Campbell-Hunt, 2003; Caputo et al., 2016; Kraus et al., 2017; Maria & Ganau, 2016; Jin & Jung, 2016; Freeman & Styles, 2014; Hilmersson & Johanson, 2015; Kenny & Fahy, 2011; Overby & Min, 2001), but disregard the fact that SMEs need to adapt or change their business models in order to face the uncertainties and how that affects their speed of internationalisation.

The extant literature does not mention or use a specific business model framework and only focuses on terms that can be related to business models (Langseth et al., 2016; Kraus et al., 2017; Caputo et al., 2016; Jin & Jung, 2016; Maria & Ganau, 2016; Kenny & Fahy, 2011; Freeman & Styles; Cucculelli & Bettinelli, 2015; Barney, 1991; Hilmersson & Johanson, 2015). Moreover, the elements are explored superficially, rather than in-depth with every dimension of each element. For instance, when it comes to the network, they mention relevant actors that companies should be aware of but they fail to highlight how each actor can help cope with uncertainties. Several of the research papers discuss and research the phenomena of how SMEs can cope with uncertainties (Langseth et al., 2016; Kenny & Fahy, 2011; Chetty & Campbell-Hunt, 2003; Freeman & Styles, 2014; Maria & Ganau, 2016; Jin & Jung, 2016) but none of them seems to research how to face the uncertainties through the strategic use of the business model. Moreover, they fail to explore how changes in the business model can affect the internationalisation of SMEs. This includes how the speed of internationalisation is affected by changes in the business model due to uncertainties.

In order to gain a deeper understanding of every dimension of uncertainties, business models and internationalisation speed, a single case study research is a fitting approach rather than a multiple case study where it can become harder to focus on all aspects, which is missing in the extant literature.

4 Conceptualisation

Based on the gap found in the extant literature, certain concepts and terms need to be defined, discussed and justified to gain a deeper understanding of how they can be analysed and used to develop an integrated framework. The relevant concepts to discuss are uncertainties, business models and speed of internationalisation.

Business models as a concept will be used throughout the research paper as a strategic tool to face uncertainties, thus it is important to clarify the specific business model framework that will be applied. Business models are, as mentioned previously, defined in various ways and there are multiple business model frameworks that have been developed. Scoping through the literature, the Business Model Canvas is a framework that is commonly mentioned as a tool that businesses can apply. On the other hand, Shafer's notion of Business Model contains a wider range of elements as it is developed from every business model definition from 1998 up until 2002 (Shafer et al., 2005). This research paper will be implementing Shafer's Business Model framework, as it provides different perspectives than the Business Model Canvas, where the elements of Shafer's Business Model are grouped to be used strategically rather than defining the business model of a company.

When researching how uncertainties are faced, it is noticeable that the components in Shafer's business model, such as strategic choices and value network, are more relatable to the research problem unlike the Business Model Canvas, where the components and elements are limited when facing external environmental uncertainties. Additionally, the Business Model Canvas is built as a framework that can be used to describe or provide an overview of a company's business model, whereas Shafer's Business Model allows a deeper strategic analysis into the business.

Uncertainties are one of the main concepts of this research paper and is a broad term that needs clarification. Uncertainties are often located in the environment, making it essential to clarify what the environment consists of. When the environment is mentioned in this research paper, the researchers will be referring to a concept that is divided into both an internal and external environment, where uncertainties can be located. The internal environment consists of factors that are found within the boundaries of the SME, which can be either physical or social factors (Duncan, 1972). Furthermore, when decisions or strategic choices are made, decision-makers must be aware of their internal environment (Duncan, 1972) to minimise uncertainties. The internal environment consists of three components, namely, organisational personnel, organisational functional and staff units and organisational level. The organisational personnel contains factors such as educational and technological background and skills, previous technological and managerial skills, employees as a resource and the personnel's commitment to company goals (Duncan, 1972). Organisational functional and staff units consist of technological characteristics, the interdependence of organisational units carrying out their objectives, and conflicts within the organisation. Within the organisational level, organisational objectives and goals and the nature of the organisation's product service are included (Duncan, 1972).

The external environment differs from the internal environment, as the physical and social factors are located outside of the SME. Although the decision-makers are aware of the external environment, it can be challenging to control and foresee the factors that might affect the company (Duncan, 1972). However, there are some factors that can be controlled or affected by the company. The controllable factors include three different components namely, customers, suppliers (Duncan, 1972) and technology (Sammut-Bonnici & Galea, 2015; Duncan, 1972). The components that are challenging to control are competitors (Duncan, 1972), economic factors (Sammut-Bonnici & Galea, 2015), political and social factors (Sammut-Bonnici & Galea, 2015; Duncan, 1972). Thus, we define environmental uncertainties as uncertainties that may occur in the above-mentioned components that are either internal or external.

The last main concept of the research paper is the speed of internationalisation. To explore how the speed of internationalisation is affected when using the business model as a strategic tool to face uncertainties, the different dimensions of internationalisation speed need to be determined. The dimensions used in this research paper are derived from Hsieh et al. (2019), as the structure of the dimensions are logically created from a viewpoint of an internationalising SME. The first dimension of speed covers how early a firm makes its first sales abroad since its founding (Hsieh et al., 2019). This dimension is relevant to research, as the first market entry may involve more uncertainties, since the company might lack the previous international experience to identify uncertainties, depending on the knowledge, experience and skills of the decision-makers (Chetty & Campbell-Hunt, 2003; Caputo et al., 2016; Kenny & Fahy, 2011; Jin & Jung, 2016).

The second dimension is the speed of deepening (Hsieh et al., 2019), which covers the speed of increasing market commitment in foreign markets, for instance through resource commitment. It is relevant to research the uncertainties within this dimension as they can have great consequences for the business if they are not faced. Using the business model to face uncertainties can minimise the liability of foreignness and outsidership, and gain a competitive advantage if capabilities are developed from the resources invested.

The last dimension is the speed of geographic diversification (Hsieh et al., 2019). This dimension is relevant to explore, as uncertainties might arise when entering new markets, meaning that multiple elements of the business model can affect this dimension. Furthermore, the level of uncertainties might differ depending on the geographical distance between the entered market and the new markets that the SMEs wish to enter.

The first purpose of the research paper is to locate all internal and external uncertainties in an SME and thereafter use Shafer's business model framework as a strategic tool to analyse how to face them. The researchers intend to do that by focusing on a single case rather than doing a multiple case study. By doing so, all of the researchers' resources can go towards one company and thereby dive deep into the dimensions of the concepts. The second purpose is to determine how the elements of the business model and the uncertainties that are faced can affect the speed of SMEs' internationalisation. Based on the findings, the final purpose is to develop an integrated framework that theoretically shows how SMEs' speed of internationalisation is affected depending on how they face uncertainties by using the business model as a strategic tool.

5 Methodology

This chapter contains the philosophical considerations, the research design and the quality assessment of the research paper.

5.1 Philosophy of science

Considering that the researchers are exploring the phenomena of how an SME can use their business model as a strategic tool to face uncertainties and how the elements affect the speed of their internationalisation, the ideology that is found most appropriate is interpretivism. Interpretivism is derived from the understandings of Edmund Husserl's phenomenology and Wilhelm Dilthey's hermeneutics and holds the view that reality is socially constructed through individuals' subjectivities, interests, emotions and values (Mackenzie & Knipe, 2006; Potrac et al., 2014). Furthermore, interpretivists argue that the possibilities and limitations of human existence are defined and expressed by concepts, ideas and interaction (Potrac et al., 2014). Therefore, the interpretivists' view on the world differs from ideologies such as positivism where the social world consists of hard, tangible and immutable facts that can be observed and measured for what they are (Potrac et al., 2014). Research papers conducted with an interpretive point of view often generate or develop a theory of patterns and meaning throughout the research process, while relying on qualitative data (Mackenzie & Knipe, 2006), which is the purpose of this research paper in combination with an abductive approach. From an ontological standpoint, interpretivism rejects the view and methodologies natural scientists use to understand and examine the social world, and instead has the belief that the social world is complex, as individuals define their own meaning through their social, political and cultural settings (Potrac et al., 2014). What this means for this research paper is that both the researchers and the respondents have a view of what exists in the social world based on our own experiences. Thus, the researchers rely on the respondents' view of the company's use of the business model as a strategic tool to face uncertainties (Mackenzie & Knipe, 2006). For instance, the respondents' understanding and interpretation of uncertainties is relevant for the researchers to understand, as uncertainties for them can be different from the researchers' perception. This also means that individuals' understanding of reality is affected by each other rather than by the social world as a whole (Potrac et al., 2014). Epistemologically, interpretivism takes a subjective standpoint, as knowledge is seen as subjective and socially constructed. Thus, the most effective process of exploring the social reality of individuals is through subjective interaction, as understanding the experiences of individuals and how they make sense of their actions is central in interpretivism (Potrac et al., 2014). In this research paper, the interaction occurs through semi-structured interviews, in which the respondents will shape and influence our interpretation of the research problem and the findings.

5.2 Research design

An abductive approach is used in this research paper with the purpose of developing an integrated framework, which Dubois and Gadde (2002) refer to as systematic combining. Abduction was introduced by Charles Sanders Peirce, as a third approach of reasoning and a combination of deductive and inductive (Blaikie, 2003). Abduction is different from the two other reasonings, as it involves the creation of propositions to explain observations of phenomena, which are either unclarified or only slightly clarified (Welch et al., 2011; Easton, 2010) Therefore, the approach is used to research new perspectives of an existing issue/phenomena (Blaikie, 2003). Within induction, extant theories are not accepted, whereas deduction is too theory-driven, which is why a combination of the two approaches (abduction) allows theory development that is data-driven (Järvensivu & Törnroos, 2010).
Thus, abductive reasoning is appropriate for this research paper as the researchers are constantly moving back and forth between empirical data and existing theories, which results in an integrated framework based on systematic combining (Dubois & Gadde, 2002). Furthermore, we are exploring a phenomenon that exists but has barely been touched upon by previous authors.

In this research paper, the integrated framework is built abductively by incorporating existing knowledge and theories of business models and speed of internationalisation with the collected empirical data from the case company. Thus, it can be argued that the aim of the research paper is to develop a theory rather than generating a theory as, according to Dubois and Gadde (2002), generating a theory is creating a new theory inductively, while developing a theory is refining extant theories. Therefore, extant theories such as Shafer's Business model, the Uppsala Models and Oviatt and McDougall's forces of the speed of internationalisation are incorporated with the empirical data to develop a framework.

5.2.1 Data collection and analysis

This research paper is a qualitative case study research, as the purpose is to deeply explore the use of the business model to face uncertainties and how it affects the speed of internationalisation, through interaction with individuals/decision-makers of a single case. As Siggelkow (2007) states, using a single case study can be a strong choice of methods, especially when it comes to refining existing theories (Tsang, 2014). The qualitative research, in this case, is appropriate in combination with the interpretivist view, as the research topic is difficult to measure, and by collecting qualitative data the researchers can gain a deeper insight into the concepts. The case study research is exploratory because the research topic contains multiple outcomes and a need for further investigation, where the aim is to look for a pattern within a single case with the goal of abductively developing an integrated framework. Accordingly, the case study type is intensive by aiming to discover as much as possible within a single SME, and a purpose to understand the perspective of the respondents of the case company.

The chosen SME for the case study has asked to remain anonymous, thus they will be referred to as Company X throughout the research paper. The data was based on semi-structured interviews conducted with two managers of the SME (Appendix 2, I1 & I3), who are key decision-makers and one of their important suppliers (Appendix 2, I2). The interviews were conducted face to face in English and recorded on voice memos for the sake of the transcriptions.

Using the empirical data collected, a description of the case company is presented in the first section of the data analysis. The analysis is split into two main parts where the first part contains the uncertainties of Company X and how they strategically use Shafer's Business Model to face them, while the second part explores which elements of the business model affect each dimension of internationalisation speed. Before conducting the data analysis, the most relevant quotes were abstracted from the empirical data and coded to create an overview of the relevant themes. The relevant themes for the first part are the uncertainties, such as production uncertainties, competitive pressure, customer barriers, and the elements used strategically. For the second part, the main focus was components related to the speed of internationalisation. Conducting the analysis, systematic combining was used to create a bridge between the extant theories and the empirical data with the purpose of developing an integrated framework in the synthesis/discussion.

5.3 Quality Assessment

The quality assessment of this research paper will be measured by using the criteria developed by Lincoln & Guba (2006) to suit qualitative research, which is credibility, transferability, dependability and confirmability. They will be replacing the classic criteria that stem from quantitative research namely reliability, validity and generalisability (Yin, 1994). Although the terminology differs, the main goal is the same, which is assessing the quality of the research.
According to Lincoln & Guba (2006) *credibility* refers to how the interpretations and findings of the research correlate to the original viewpoint of the researcher (Korstjens & Moser, 2018; Lincoln & Guba, 2006). The closer they are to each other, the stronger is the credibility of the research paper. In the case of this research paper, the credibility is assessed through the engagement of the researchers. Ensuring that the researchers have invested time and have become familiar with the field of business models and speed of internationalisation has enabled the researchers to collect rich and relevant data. Furthermore, the researchers have identified the most relevant themes and terms related to the problem to ensure that the focus stays on what is relevant. The common recurring themes have been uncertainties, business models as a strategic tool and speed of internationalisation. Throughout the research paper, the recurring themes have been connected to each other as the purpose of the paper is to research how business models can be used as a strategic tool to face uncertainties and how that affects the speed of internationalisation. Moreover, credibility is assessed through triangulation. The triangulation of this paper is arguably weak, as all data has been collected within a week and only one method has been used. However, it can be argued that the semi-structured interviews have been sufficient enough to answer the research question, due to the philosophical choice of the paper. Further, the data collected has been coded and analysed by both researchers to strengthen the triangulation.

The second concept used to assess the quality of the research paper is *transferability,* which refers to the degree the research can be transferred to other empirical or theoretical contexts (Korstjens & Moser, 2018; Lincoln & Guba, 2006). The transferability of the methodology is strong, but because it is a single case study and the fact that internal and external environments are constantly changing, it is not certain that the same uncertainties would be identified if the research was conducted with another SME or with Company X again in the future. Thus, there might exist uncertainties beyond the ones identified within this research.

Dependency refers to how dependent the findings are from the time of the conduction (Korstjens & Moser, 2018; Lincoln & Guba, 2006). In the case of this research paper, the dependency is weak because, as mentioned, internal and external environments are constantly changing, thus the uncertainties will most likely differ if the research was conducted in another time period. However, the concepts can still remain the same.

Lastly, *confirmability* refers to the degree of how objective the research is in the sense that it can be recreated by others. To ensure strong confirmability, researchers must note every step of their research process (Korstjens & Moser, 2018; Lincoln & Guba, 2006). This has been done to some extent within this research paper but not enough to consider the confirmability to be strong.

6 Data analysis and findings

The data analysis consists of a company description of Company X followed by two main parts in accordance with the research question. The first part includes uncertainties found from the data coding and the elements Company X uses strategically to face them. The second part includes how each dimension of speed is affected by the components/elements of the business model.

6.1 Company description

Company X is a jewellery trading, wholesale and retail company based in Dubai, United Arab Emirates (UAE) since 1992. The ownership of the company is split between an Emirati and an Indian businessman, who are both highly involved in the company activities and decisions (I1, Appendix 2, p. 3). As they are a trading company they rely most of their business on their suppliers within wholesale and retail (I3, Appendix 2, p. 33). In the UAE they have seven showrooms where they cater to retail customers while having the biggest wholesale office in the Gold Centre building in Dubai, making them one of the biggest jewellery wholesalers in the UAE (I1, Appendix 2, p. 2). They have a gold department and a diamond department. The SME offers a range of jewellery that includes 21kt and 22kt gold jewellery and 18kt diamond jewellery (I1, Appendix 2, p. 25). According to the retail manager of the company, who is a BCom graduate from Mumbai University and has worked in the industry for more than two decades, 20% of their business is retail while 80% is wholesale (I1, Appendix 2, p. 1). They only sell retail domestically while wholesale mainly is in the markets of Oman, Qatar, Kuwait, Malaysia, Hong Kong, Philippines and Africa where in some of them they have offices and some they only export to. Furthermore, they are the owners of one of four certified gold laboratories in Dubai (I1, Appendix 2, p. 25).

The staff of Company X are professional and educated employees with skills and years of experience within the industry, to add value to their company (I1, Appendix 2, pp. 1-2). Company X aims to expand further globally, but before that is possible there are multiple uncertainties that must be considered and faced to accelerate their internationalisation speed.

6.2 The strategic use of business model elements to face uncertainties

This part covers all identified uncertainties within Company X and how Shafer's elements can be used strategically to face them. The quotes supporting this are presented in table 1.

Table 1: Uncertainties and the elements used strategically

Elements used strategically	Uncertainties	Quotes
Value proposition, Network relationships, Customer information, Capabilities, Resources	Value proposition uncertainties, limited reach, psychic and geographical distance, time-consuming and costly to adapt	*"Qatar, Kuwait and Oman they are basically very similar to UAE, since being GCC. The entire atmosphere is the same as in the UAE, so there we faced very less challenges compared to Hong Kong. Because the business is almost similar in all these countries. Hong Kong was different. Malaysia was difficult because of multiple reasons as I said."* (I3, Appendix 2, p. 41) *"Without the network, we cannot just go there in any country and just start business. You need to have a network first then you can enter."* (I3, Appendix 2, p. 48) *"It is mostly time consuming because you need to redesign to make that process"* (I1, Appendix 2, p. 14) *"Of course, it will affect your gross margin. It will affect but it is part of the game, we have to do it."* (I1, Appendix 2, p. 15)

Capabilities, Suppliers, Costs, Differentiation, Customer Relationships, Branding, Value proposition	Customer barriers, price-sensitive customers, quality-oriented customers, customer taste, demanding customers	*"Basically, the United States is more price sensitive. They have a lot of access to Indian goods directly form Indian factories and are getting it at very, very cheap rates and here there are not really any factories that do these rates, so we cannot challenge the Indian markets who are doing the work for the US."* (I3, Appendix 2, p. 33) *"Europe and Scandinavia have a totally different taste of jewellery. The people there are a bit sceptical of Dubai specially and Indians. They feel like they will probably not get the quality that Europe is offering"* (I3, Appendix 2, p. 35) *"We're trying to open one office in Turkey, but Turkey is a different ball game all together when it comes to jewellery."* (I3, Appendix 2, p. 42)
Profit, Costs, Value proposition, Differentiation, Branding, Strategy, Suppliers, Information flows	Competitive pressure, price-sensitive markets, supplier competition, illegal actions of competitors	*"Extremely competitive I would say, extremely cutthroat competition. We are trying to manage somehow, because we have to take care of our suppliers and customers. It is definitely a very tricky situation."* (I3, Appendix 2, p. 54) *"There are many rules which we follow, but our competitors don't. For example, VAT being one, we charge the customer VAT no matter what. But there are competitors who are doing under billing, and they are doing hundreds of other things."* (I3, Appendix 2, p. 55) *"Yes, some of them are a competitor also, so some will maybe not give us all the designs. So, they will choose to give us what designs they have to give, so that's okay with them."* (I1, Appendix 2, p. 21)

Supplier, Strategy	Late delivery, increase in price, uncontrolled production process	*"sometimes they deliver the diamonds late* [to] *us, and therefore* [the order] *can be late…"* (I2, Appendix 2, p. 32),
Value Network, Value Proposition, Strategy	Psychic distance, geographical distance, cultural differences, different customer taste	*"But Qatar, Kuwait and Oman they are basically very similar to UAE, since being GCC. The entire atmosphere is the same as in the UAE, so there we faced very less challenges compared to Hong Kong."* (I3, Appendix 2, p. 41) *"language, culture, distances do matter"* (I3, Appendix 2, p. 43) *"… every country has their own choice of product. When we send to Qatar, we have to keep the Qatar choice in mind. We cannot send the African choice. That has been difficult. But since we have a lot of experience behind us, it's become second nature, we can do that."* (I3, Appendix 2, p. 45)
Strategy, Resources, Competencies, Value proposition,	Competitiveness, unlawful competitors, regulations, lack of knowledge	*"There are many rules which we follow, but our competitors don't. For example, VAT being one, we charge the customer VAT no matter what. "* (I3, Appendix 2, p. 55) *"you can't return anything from there. So, if the customer doesn't like the goods, they will not make a payment. Yet, they cannot even return the goods. So, our goods have been stuck in Russia since 2013, we cannot get the goods back."* (I3, Appendix 2, pp. 44-45)

6.2.1 Value proposition uncertainties

This section covers uncertainties related to the value proposition of SMEs and how they can strategically use specific elements of Shafer's Business Model to face the identified uncertainties. When SMEs expand to foreign markets, one of the uncertainties that they can face is the limited reach of their value proposition. Although the value proposition successfully attracts customers in the domestic market it may not have the same effect in foreign markets that are substantially different. With Company X, it is noticeable that their value proposition remains the same in foreign markets that are geographically close to their domestic market, which is explained by the diamond department manager:

> *"Qatar, Kuwait and Oman they are basically very similar to UAE, since being GCC. The entire atmosphere is the same as in the UAE, so there we faced very less challenges compared to Hong Kong. Because the business is almost similar in all these countries. Hong Kong was different. Malaysia was difficult because of multiple reasons as I said."*
>
> (I3, Appendix 2, p. 41).

Thus, the foreign markets in the Middle East, closely located to their domestic market, are characterised as culturally similar (psychic proximity), which allows Company X to expand and commit without experiencing considerable uncertainties with their value proposition. However, when expanding to foreign markets with a higher degree of psychic and geographic distance, the uncertainties with the value proposition arise, corresponding with the research of Johansen and Vahlne (1977). In the markets of Europe and East Asia, Company X faces the uncertainty of having limitations to the reach of their value proposition. The demand for quality in European markets differs from Middle Eastern markets, and as a consequence Company X has only had success expanding to the UK, where a high percentage of people with Indian heritage are located, who fit the value proposition of Company X's domestic market.

The market in Hong Kong is characterised, by the diamond department manager, as different from their other markets (big psychic distance reflected in demand for design rather than competitive pricing, which means other uncertainties arise:

"Hong Kong is very good at producing brilliant designs, very nice designs. So, the product over there matters rather than the price. Price wise, maybe we are cheaper, but Hong Kong cares more about designs in terms of product."
(I3, Appendix 2, p. 57).

Thus, the market in Hong Kong is different by demanding highly innovative and specific designs rather than low prices, which pressures Company X to increase their resources into R&D specifically for that market. Furthermore, to extend the reach of the value proposition, the element in the business model to strategically use is, naturally, the value proposition, which SMEs need to adapt incrementally to meet the criteria of each market. Before, network relationships must be established to gain market-specific knowledge (Maria & Ganau, 2016; Johansen & Vahlne, 2009). Essentially, this process should occur before expanding to foreign markets, in order for SMEs to avoid the value proposition uncertainties. By retaining from commitment in markets where they lack network and knowledge capabilities, they avoid unnecessary uncertainties (Freeman & Styles, 2014).
The necessity of adapting the value proposition to foreign markets is time-consuming and costly, as it requires resources in the form of human capital, with essential international and technical experiential knowledge, and R&D (Cucculelli & Bettinelli, 2015; I1, Appendix 2, p. 14).

6.2.2 Production uncertainties

SMEs cannot eliminate production uncertainties but rather minimise them. There are different factors that affect the production process and create uncertainties for SMEs, where one of Company X's biggest uncertainties in the production stems from their suppliers (I1, Appendix 2, p. 18). Here they face the issue of late delivery from the suppliers, which creates a delay in delivery to the customer and thereby delayed payment. Another issue that they face through their suppliers is a change in price or in the quality (I2, Appendix 2, p. 28), which can make Company X cancel the order and cause late deliveries for customers (I1, Appendix 2, p. 18). A third uncertainty with the suppliers is caused by the company themselves. According to one of their suppliers:

> *"sometimes they deliver the diamonds late* [to] *us, and therefore* [the order] *can be late…"*
>
> (I2, Appendix 2, p. 32),

which means they contribute to the date delivery of products to the customers. Ensuring that the diamonds are delivered in time to the supplier also ensures that the production processes are smoother and less time-consuming.

As established in the literature, networking is crucial to the success of an SME due to their size (Langseth et al., 2016; Kraus et al., 2017; Caputo et al., 2016). Thus, SMEs should use their network to find competent suppliers and ensure to have a strong information flow between them. This eliminates the misunderstandings between the two parties and helps assure that no late deliveries occur.

Despite a strong relationship between the supplier and the SME, relationships can change and directly affect the production process. According to Shafer et al. (2005), a mistake that happens with companies is assuming that their existing network will stay unchanged in the future. Therefore, SMEs need to be ready to make radical changes with their suppliers in order to avoid further uncertainties. Additionally, the lack of internalisation in the production forces Company X to establish strong communicative relationships with suppliers to guarantee precise quality and design, while also gaining knowledge from each customer regarding their design needs.

Company X is fortunate with the industry that they are in, as gold is a metal that can be remelted and used unlimited times. Thus, whenever they misunderstand their customers' taste and are not able to sell their products, they can remelt them and reuse all the materials (gold, diamonds, etc.) (I1, Appendix 2, p. 14). Therefore, the solution is simple compared to other industries and their loss of resources is minimal. They only lose what they call *"making charge"* (I1, Appendix 2, p. 14) and the time that they have spent on it. Although it is an advantage to be able to reuse the raw materials for each product, it is also costly and will affect the profit margin which is already minimal (I1, Appendix 2, p. 15). Therefore, customer taste and preference are very important to research prior to production. Specifically, for wholesaling in the jewellery industry it is an uncertainty, as each customer needs different designs, making Company X unable to create stock through mass production. Hence, if customers dislike the design, they have to redo the production process.

It is challenging to avoid this uncertainty but what SMEs can do to try to avoid it, is as mentioned, spend their resources on R&D and market research, when it comes to the market as a whole. When it comes to the individual, a strong customer relationship is important to uphold, as it will minimise misunderstandings, thus minimise mistakes in the production.

6.2.3 Customer barriers

The ways in which customers act in certain situations and markets can create uncertainties for SMEs. These uncertainties either force SMEs to face them directly through the strategic use of their business model or to exclude expansions to foreign markets where customer barriers become too consequential. Specifically, uncertainties derived from customer barriers include foreign markets where customers tend to be either extremely price or quality-oriented. The diamond department manager of Company X explains how the US market is very price sensitive:

> *"Basically, the United States is more price sensitive. They have a lot of access to Indian goods directly from Indian factories and are getting it at very, very cheap rates and here there are not really any factories that do these rates, so we cannot challenge the Indian markets who are doing the work for the US."*
> (I3, Appendix 2, p. 33).

Based on the quote it indicates that Company X has explored the US market but are unable to enter, not only because the US customers are price-sensitive, but also considering Indian suppliers are able to provide lower prices than Company X's network of suppliers. In order for SMEs to face the uncertainty of entering price-sensitive markets, they must develop capabilities that make them able to gain a competitive advantage (Freeman & Styles, 2014; Teece et al., 1997). In such circumstances, Company X can expand to foreign markets where current capabilities and resources qualify, or strategically combine their resources in unique ways that make them competitive. This may involve an expansion of the network of suppliers to locations where labour costs are equally low or identify alternative means to reduce costs while combining market-specific knowledge, that makes them capable of differentiating.

Customers in psychic and geographical distant markets act differently, which the European markets are an example of, as Company X encounters locational uncertainties due to customer perceptions, which the diamond department manager explains in the following quote:

> *"Europe and Scandinavia have a totally different taste of jewellery. The people there are a bit sceptical of Dubai specially and Indians. They feel like they will probably not get the quality that Europe is offering."*
> (I3, Appendix 2, p. 35)

Where the US market is portrayed as price-sensitive, it is stated that customers in European markets are notably quality oriented and have an evident perception of where to seek high-quality products. While the solution of facing this uncertainty may seem straightforward by expanding the supplier chain into Europe, it does not change the customers' perception of unsatisfactory quality in Dubai, thus using other elements strategically in Shafer's Business model is essential. As Company X faces negative customer perceptions, they must build customer relationships, which requires adaptation of the positioning of the brand, market-specific knowledge about customers, and finally development of a strong reputation through European networks. The diamond department manager has expressed the importance of word of mouth in the industry (I3, Appendix 2, p. 41), and strong network relationships can assist them in changing perceptions and expand to specific European markets where the customer base can grow.

Satisfying existing customers while growing the customer base is problematic due to the taste and demand of the customers, which Company X experiences in their existing and potential markets. The example of the European markets indicates that customer taste prevents Company X from expanding and growing their customer base in certain markets.

The SME wants to expand to Turkey by investing in an office but are challenged because of the distance and differences in language and culture (I3, Appendix 2, p. 42). As mentioned earlier, when foreign markets differ in customer taste, SMEs need to change or adapt the value proposition for that specific market. Fortunately, Company X is in a favourable position to adapt their value proposition due to their strong international network of suppliers, and previous experience from market adaptation. Furthermore, as they are unable to mass-produce, adapting the value proposition does not require substantial changes in the production.

Lastly, customers in the jewellery industry have become increasingly demanding over the years as a consequence of the competition, which provides the customer with several opportunities when choosing a supplier. This leaves pressure on Company X to get the right quality and design and therefore avoiding remelting and delivering the products late, causing customers to replace Company X with another supplier. Thus, it is crucial to prioritise building strong network relationships with suppliers and customers in order to satisfy demanding customers with high-quality products. Otherwise, growing the customer base or even sustaining the current customer base will be a challenge.

6.2.4 Uncertainties derived from distance

The process of developing a network differs depending on the market, where foreign markets with high psychic and geographical distance may require a strategic partner who has local context knowledge, whereas informal networks can be sufficient in similar markets to avoid vast investments (Jin & Jung, 2016). Accordingly, Company X generally invests in local offices and strategic partners in the foreign markets where they are lacking informal networks and market-specific knowledge, as the diamond department manager states that it is not possible to enter a foreign market without a network (I3, Appendix 2, p. 48).

Psychic and geographical distance creates uncertainties due to different cultures resulting in variances in tastes and preferences. Indian and Middle Eastern consumers have similar tastes preferring big and extravagant jewellery (I1, Appendix 2, p. 5). The European countries on the other hand prefer small, simple and minimalistic jewellery. Using Company X's location as an example, a correlation between geographical and psychic distance is noticeable, as generally the further away geographically, the more substantial will the psychic distance be (Johanson & Vahlne, 1977), which is shown in the following quote:

> *"But Qatar, Kuwait and Oman they are basically very similar to UAE, since being GCC. The entire atmosphere is the same as in the UAE, so there we faced very less challenges compared to Hong Kong."*
> (I3, Appendix 2, p. 41)

Because the distance between their domestic market and East Asia is greater than the distance between their domestic market and the Middle East, they face substantially more uncertainties entering countries such as Hong Kong.

According to Johanson & Vahlne (1977), to avoid uncertainties derived from distance, knowledge is gained through relationships when expanding to a new market, as it strengthens SMEs' position. Hence, gaining market-specific knowledge either through networking or market research, ensures that SMEs know how to adapt their value proposition to fit each specific market.

As already established, the further the geographical distance, the more substantial the psychic distance is, which is also the case with informal institutions, as according to the diamond department manager *"language, culture* [and] *distances do matter"* (I3, Appendix 2, p. 43), because of the differences between the domestic and new distant markets. Thus, informal institutions need to be taken into account, when considering distant markets. Due to the differences, multiple aspects must be considered such as branding, communication barriers and cultural differences. For instance, Europeans are more quality-conscious than Africans, and the culture and taste of Middle Eastern customers are different compared to East Asian customers (I3, Appendix 2, pp. 38-41). Consequently, SMEs need to position their brand differently in each market with their branding strategies, which can be a challenge in markets that are considerably different than the domestic market, as according to the diamond department manager:

> *"... every country has their own choice of product. When we send to Qatar, we have to keep the Qatar choice in mind. We cannot send the African choice. That has been*

difficult. But since we have a lot of experience behind us, it's become second nature, we can do that."

(I3, Appendix 2, p. 45)

It requires the right capabilities and market-specific knowledge to enter foreign markets as each market is unique. The literature agrees with the diamond department manager, as the literature states that to face the uncertainties that arise with internationalisation, SMEs must have resources, capabilities and experiential knowledge (Kenny & Fahy, 2011; Kraus et al., 2017; Chetty & Campbell-Hunt, 2003). But as Barney (1991) states, resources can only become advantageous if SMEs have the managerial capabilities to describe and understand the company's performance potential. Company X are, for instance, currently unable to enter the US market, due to their lack of knowledge and resources (I3, Appendix 2, p. 45). Additionally, resources and capabilities must be used to communicate with foreign customers as language and culture can act as barriers at times. Thus, to eliminate the mentioned barriers SMEs need to ensure that they can use their staff's capabilities to maintain a strong relationship with the customers.

6.2.5 Foreign market entry uncertainties

Before entering a new market, SMEs need to consider multiple aspects and make an in-depth market analysis to minimise the uncertainties that might occur. Company X has experienced overcommitment due to a lack of research and knowledge (I3, Appendix 2, p. 52), which has been costly. Rules and regulations are among the aspects that can affect the market entries and make it difficult to build market relations, even in a geographically close market. Before Company X had established an office in Hong Kong, they were unable to enter Qatar as a consequence of the negative relationship between Qatar and the UAE (I3, Appendix 2, p. 53-54). Further, it was difficult for them to enter Qatar due to their laws and regulations. By investing in Hong Kong, they adapted their product flow and created a channel to Qatar and Kuwait by exporting from Hong Kong. Hence, their market expansions have helped them enter markets that would have been difficult or impossible beforehand.

Occasionally uncertainties are created by an internal and not external force. In Malaysia the decision-maker sent to increase commitment was unable to manage the assignment, forcing Company X to close the office (I3, Appendix 2, p. 35). Instead of closing the office, due to the lack of experiential knowledge, they should have exchanged information with a network partner who is familiar with the local contexts (Kraus et al., 2017; Maria & Ganau, 2016), which could have created more business opportunities for them in regard to Malaysia's neighbouring countries.

6.2.6 Competitive pressure

Most SMEs will experience uncertainties that are derived from the competitiveness of the industry and each of their markets. In the case of Company X, the jewellery industry is characterised as immensely competitive, which forces them to face the uncertainty of competitive pressure in each of their markets. The diamond department manager describes the competition as:

> *"Extremely competitive I would say, extremely cutthroat competition. We are trying to manage somehow, because we have to take care of our suppliers and customers. It is definitely a very tricky situation."*
>
> (I3, Appendix 2, p. 54)

Furthermore, he elaborates that their domestic market has become very price-sensitive because of the competition, which leaves a pressure to lower their profit margin or differentiate from competitors through the value proposition (I3, Appendix 2, p. 54). Thus, if SMEs are unable to compete on the price, they need to identify alternative solutions to attract the customers, which could be differentiation of product designs or position themselves as an exclusive brand and reach another target group. However, as Company X's capabilities stem from other aspects than their branding, this approach may not be beneficial. Additionally, some competitors are not complying with specific rules regarding the obligation of charging VAT, meaning that they are able to attract customers with lower prices (I3, Appendix 2, p. 55). Consequently, if the pressure becomes too immense in certain markets, they will benefit from expanding to markets with a lower degree of competitiveness, providing them with the opportunity to increase their prices and still be competitive in the domestic market with lower prices.

Another uncertainty that increases the competitive pressure for Company X is the competition between them and their suppliers, which is described by the retail manager in the following quote:

> *"Yes, some of them are a competitor also, so some will maybe not give us all the designs. So, they will choose to give us what designs they have to give, so that's okay with them."*
> (I1, Appendix 2, p. 21)

Not only does that increase the competitive pressure, but it can also affect the relationship with suppliers, as information or designs are kept secret, because suppliers, naturally, are unwilling to share capabilities that give them a competitive advantage. While this may not apply to every supplier, Company X has a large network of suppliers internationally and if every supplier, who is a competitor, withholds valuable information and designs it will affect the company negatively. According to Freeman & Styles (2014), knowledge creation is critical to gain a competitive advantage and is often developed in the network, and in the case of Company X, suppliers are the most important stakeholder in the network. Although competition with suppliers is a common uncertainty within the jewellery industry, it would be beneficial to strategically develop a network of suppliers who are not in competition with Company X, meaning that more valuable knowledge can be shared and created to gain a competitive advantage.

6.2.7 Uncertainties derived from laws and regulations

Laws and regulations can be a challenge for businesses both internationally and domestically as according to the diamond department manager, the competitive pressure and their customers' demands have increased in recent years due to the regulations in their domestic market:

“There are many rules which we follow, but our competitors don't. For example, VAT being one, we charge the customer VAT no matter what.“

(I3, Appendix 2, p. 55)

According to the diamond department manager, because of the competitiveness and the unlawful competitors, their customers are becoming more demanding as they ask them to break the law. This leads to loss of business as it forces Company X to turn down business deals to avoid illegal activities. In order to avoid this uncertainty, highlighted by Penrose (1959), growth can be gained through combinations of resource acquisition and opportunity exploitation. Thus, instead of disobeying the law, which can lead to big regulatory consequences and also damage their reputation, Company X must try to offer their customers something unique that their competitors cannot compete with. If done correctly, this will attract customers regardless of regulations, like the VAT.

International regulations are on the other hand more complicated as a foreign company. Company X experienced uncertainties when trying to enter and increase commitment in the Russian market. As the diamond department manager states,

“you can't return anything from there. So, if the customer doesn't like the goods, they will not make a payment. Yet, they cannot even return the goods. So, our goods have been stuck in Russia since 2013, we cannot get the goods back.“

(I3, Appendix 2, pp. 44-45).

Although the customer is ready to work with Company X and return the goods, the heavy regulations of the government on import/export and travel restrictions make it impossible to return the goods. This shows that SMEs must conduct market research in every aspect before committing to a market in order to avoid uncertainties like this, as markets should be chosen carefully.

Caputo et al. (2016) states that network alliances are important to SMEs when the support of businesses is limited, which in the case of Company X is accurate. While trying to get the goods back, one of Company X's managers was imprisoned in Kazakhstan due to a conflict with the local police. If they did not have a contact who knew how to communicate with them to get the manager out, even with a bribe, he would have stayed imprisoned (I3. Appendix 2, p. 53). Therefore, when entering a foreign market, a strong network base is important as it can help not only avoid uncertainties but face uncertainties that might occur anyways.

6.2.8 Uncertainties derived from the pandemic

As the COVID-19 pandemic struck the whole world and most countries had to close their borders during a period, many businesses were affected negatively and faced substantial loss, and Company X was no exception. Due to the travelling ban that most countries enforced, it was difficult for them to conduct business with their customers who travel to the UAE to buy their goods, which minimised their sales (I1, Appendix 2, p. 8; I3, Appendix 2, p. 36). To increase sales in a situation like this, SMEs should focus on their domestic market until the travel ban is lifted, which is a challenge for Company X due to the competitive pressure in their domestic market. As the lockdown occurs in different markets for different periods, the uncertainty can be faced by increasing the operations in the markets that are not affected by the pandemic. Moreover, uncertainties like this can be solved through customer relationships. SMEs can create new channels to try and reach their customers without being affected by the travel bans. Company X has under the lockdowns introduced an app to their existing customers where they can see all the products available and place their orders through it (I3, Appendix 2, p. 50). Introducing technological solutions can be a resource to the SME, which according to Barney (1991) is necessary to gain a competitive advantage.

In a global crisis like COVID-19, demand will in general decrease and especially for businesses that only offer niche, luxury products. Therefore, if an opportunity arises, they need to take advantage of it. Since opening their office in Hong Kong, as mentioned earlier, Company X has increased their business, but during the peak of the crisis, Hong Kong was under lockdown (I3, Appendix 2, p. 39). Therefore, they solved that uncertainty by rerouting their shipments from Dubai instead of Hong Kong, which is a strategy implemented to be able to continue their business activities. Another option is to ask their customers to travel to Dubai rather than Hong

Kong to do business. Changing their channels ensures the ability to still do business during a pandemic, which would have been difficult otherwise.

Another set of uncertainties that the pandemic created for Company X was late deliveries by suppliers and late payments (I1, Appendix 2, p. 12; I3, Appendix 2, p. 40). Because many of their suppliers are from outside the UAE, due to lockdowns, their orders were being delivered late. As mentioned earlier, having multiple suppliers as backups is very important as it cannot be assumed that all relations can stay unchanged throughout time (Shafer et al., 2005). Therefore, SMEs should have both domestic and international suppliers, preferably from different locations worldwide to ensure that at least one supplier will be able to deliver.

In general, to minimise uncertainties that occur within global crises, such as the COVID-19 pandemic, it is strategically sufficient to ensure that there are customers and suppliers in different global locations, assuming that the whole world does not react to the crisis in the same way or at the same time. Having constant activities all over the world, although it is decreased, ensures that they sustain an income.

6.2.9 Synthesis

After conducting the first part of the analysis, it is clear how Shafer's Business Model can be used as a strategic tool for SMEs to face uncertainties. There are uncertainties that can be minimised or completely eliminated while some of the uncertainties cannot be faced through the business model.

Just as Kraus et al. (2017) stated, forming strategic alliances with network partners, creates opportunities for the SME that would have taken years to create otherwise. But the analysis shows that not only does it create opportunities, but it minimises or eliminates all the uncertainties that SMEs could face with the liability of outsidership, as the network partners' resources and capabilities are of benefit to the SME, which Company X experienced with their entry into Hong Kong and attempt to enter Turkey (I3, Appendix 2, pp. 48-49). This solves some of the uncertainties within customer barriers, psychic and geographical distance, their new market entries and the laws and regulations of the foreign markets. Moreover, the relations that an SME creates with their suppliers are crucial as they can eliminate most of the uncertainties that are created in the production. Furthermore, the adaptation of the value proposition seems to be the solution to most of the remaining uncertainties. Adapting the value proposition ensures diversity and eliminates the uncertainties within the value proposition, solves the customer barriers, eliminates the remaining uncertainties within psychic and geographical distance and new market entries and ensures that the competitive pressure is relieved.

But the most important factor needed to face uncertainties through the business model is the role of the decision-makers. Sure enough, the literature of Barney (1991) highlights the importance of the role of the decision-makers when it comes to changing or adapting the business model, which correlates with the conducted analysis. Using their knowledge, experience and skills in all the strategic choices do not necessarily eliminate uncertainties, but it minimises them when it comes to decision making in regard to uncertainties related to laws and regulations and the pandemic. Their choices will reflect on the whole SME, thus it is important that they have the ability to stay flexible and innovative in rapidly changing environments as dynamic capabilities (Teece et al., 1997).

Finally, it can be argued that most SMEs' uncertainties can be faced through either strategic choices or through the value network, while the elements of creating and capturing value are supporting factors.

6.3 The effect of the strategic use of business model elements on the internationalisation speed

After determining the uncertainties of Company X, it can now be determined how the internationalisation speed of SMEs is affected by the strategic use of the business model to face uncertainties. Thus, clarification of which elements and uncertainties affect the speed of first market entry, the speed of deepening and the speed of geographical diversification will be made.

The elements of Shafer’s Business Model that affect each dimension of internationalisation speed are shown beneath in table 2 with a sample of quotes and will be analysed further in this chapter.

Table 2: The elements that affect internationalisation speed

Elements affecting speed	**Dimension of speed**	**Quotes**
Decision-makers, Network of top management, Suppliers, Partnerships, Capabilities (knowledge), Value proposition, Customers	Speed of first foreign market entry	*"He started in a very small office. Almost the same size as where we are sitting now. And from then on, he started building his goodwill with his business acumen, service to customers and had good word of mouth (…) That's how the organization grew."* (I3, Appendix 2, p. 41) *"Mostly, we have taken the help from the partner there. Partner in the sense to start the business. You cannot just start a business in any country. You need to have previous experiences with their country. Like 2-3 years with we are supplying to them, and you have a person over there, then you will get enough knowledge about that country."* (I1, Appendix 2, p. 24-25) *"Qatar, Kuwait and Oman they are basically very similar to UAE, since being GCC. The entire atmosphere is the same as in the UAE, so there we faced very less challenges compared to Hong Kong. Because the business is almost similar in all these countries."* (I3, Appendix 2, p. 41)

Capabilities, Strategy, Decision-makers, Suppliers, Partners, Value Proposition, Customers	Speed of deepening	*"But in diamond jewellery, now we are beginning to have that effect. And hopefully we will be growing a lot more in the coming few years."* (I3, Appendix 2, pp. 37-38) *"The reason why we closed the Malaysian business is the person whom we had sent was not up to the mark. Not the partner. The partner was okay. But the person whom we had sent it to grow the business, to cultivate the business, he was not up to the mark that is why we closed down Malaysia."* (I3, Appendix 2, p. 49) *"For example, if the diamond department needs some jewellery from Italy we can just ask that manager, okay do you know this factory, even if he doesn't he has so much of networking over there, that he will get the contact and he will get the work done, so that definitely helps."* (I3, Appendix 2, p. 53) *"If we don't have enough knowledge, we take a local partner because that guy might be knowing their market there. We don't know who we're dealing with. He has the knowledge, and he can help us. We share profits that is very fair."* (I3, Appendix 2, p. 48)

Strategy, Capabilities, information flows, competition, value proposition, Suppliers, Partners, Decision-makers	Speed of geographical diversification	*"you need to have a network first then you can enter. It is our policy you could say that if we are starting business in any country, if we don't have enough knowledge, we take a local partner because that guy might be knowing their market there"*(I3, Appendix 2, p. 48) *"Basically, because the United States is more price sensitive. They have a lot of access to Indian goods directly form Indian factories they are getting it at very, very cheap rate and you know here there are not really any factories that do these rates so we cannot challenge the Indian markets. "* (I3, Appendix 2, p 33) *"... If you look at the European culture, they buy very small jewellery. 14KT or small pieces of jewellery or small diamond jewellery."* (I1, Appendix 2, p. 5) *"Of course, our management is like very proactive in that we want customers from all parts of the world and because they know like it's like a Caterpillar. You know a caterpillar has so many legs. if one leg is damaged, they can still work it."* (I3, Appendix 2, p. 37)

6.3.1 Speed of first foreign market entry

The first dimension covers the speed of entering the first foreign market. Company X has two main departments in their wholesale, which is a gold department and a diamond department.

Although the company started with expanding the gold department to foreign markets, the internationalisation speed of both departments will be determined.

6.3.1.1 Gold department

While the internationalisation speed of the gold department is not described in detail, it is assumed that it was a lengthy process for Company X mainly because their domestic market in the UAE is very competitive. This means that Company X had to gain a strong position in the domestic market in order to accelerate the internationalisation speed. Here, the diamond department manager explains the process of how the owner grew the company in the UAE and for travelling customers:

> *"He started in a very small office. Almost the same size as where we are sitting now. And from then on, he started building his goodwill with his business acumen, service to customers and had good word of mouth (...) That's how the organization grew."*
> (I3, Appendix 2, p. 41)

In the theory of Oviatt & McDougall (2005) where the forces of internationalisation speed are determined, it is highlighted that the decision-makers of SMEs have a crucial role in affecting the speed, and in the case of Company X, the owner created a strong network making the company able to grow the customer base of travelling customers. While this is not an entrance of a foreign market, it allowed Company X to gain a strong reputation, making them able to increase the speed of internationalisation, which is supported by the literature, suggesting that the network of top management can determine the speed (Caputo et al., 2016; Jin & Jung, 2016; Raymond et al., 2014). According to the retail manager, the main proportion of products exported to the Middle East and North Africa (MENA) region are rerouted through the UAE (I1, Appendix 2, p. 2), and by developing a strong network of travelling customers they gained important knowledge of the markets that are geographically close and similar. Accordingly, Oviatt & McDougall (2005) highlight that having a strong international network and knowledge will increase the speed of internationalisation, which means that Company X was able to accelerate the speed of the entrance of their first foreign markets with the gold department in the MENA region due to the strengths of these elements. Additionally, the retail manager describes the process of how Company X enters foreign markets in the following quote:

> *"Mostly we have taken the help from the partner there. Partner in the sense to start the business. You cannot just start a business in any country. You need to have previous experiences with their country. Like 2-3 years with we are supplying to them, and you have a person over there, then you will get enough knowledge about that country."*
> (I1, Appendix 2, p. 24-25)

Although certain elements of the business model, including the network and decision-makers, have accelerated their internationalisation speed to the first foreign market, it was a process of multiple years. Entering the first market, while avoiding uncertainties, required that they used their international network to find a partner with market-specific knowledge. Supported by the Uppsala model of Johansen & Vahlne (1977), Company X initiated the foreign market entry by exporting to a close market and finally entered the market with a partner to increase commitment. Moreover, the whole process of expanding to their first markets in the MENA region was accelerated due to the fact that the markets are similar to the domestic market. As a result, they avoided uncertainties derived from customer taste and other institutional factors, meaning that the value proposition did not have to be adapted substantially. Thus, the capabilities and resources that provided them with a competitive advantage in their domestic market, were applicable when expanding to the first foreign market, which accelerated the internationalisation speed.

6.3.1.2 Diamond department

In terms of the diamond department, the first foreign market entered was Hong Kong (I3, Appendix 2, p. 40), which is described by the diamond department manager:

> *"Qatar, Kuwait and Oman they are basically very similar to UAE, since being GCC. The entire atmosphere is the same as in the UAE, so there we faced very less challenges*

compared to Hong Kong. Because the business is almost similar in all these countries."

(I3, Appendix 2, p. 41)

In contrast to the effortless entrance in the MENA region with the gold department, the speed of entering a foreign market with high psychic and geographic distance decelerated the speed of internationalisation (I3, Appendix 2, p. 40). The process of entering Hong Kong was extended due to institutional challenges, as getting visa approvals for the staff was a process of one and a half years (I3, Appendix 2, p. 39). Furthermore, the customer taste in Hong Kong is considerably different, forcing them to adapt the value proposition. Consequently, the internationalisation of the diamond department was significantly more challenging and slower than the gold department, primarily because of the choice of the first market to enter.

6.3.2 Speed of deepening

The second dimension of internationalisation speed is the speed of deepening, which covers the speed at which SMEs increase their commitment in foreign markets. As Company X has expanded to multiple markets, the commitment in each of their foreign markets will be different, and several elements of the business model and uncertainties will affect the speed of commitment in each market. The elements and uncertainties that affect the speed of deepening of Company X are capabilities, strategy, overcommitment, decision-makers, value network, value proposition, foreign institutions and a pandemic.

6.3.2.1 Capabilities and strategy

As mentioned earlier, the domestic market of Company X acts as a hub for almost every product in the industry going to the MENA region and from the MENA region to Europe (I1, Appendix 2, p. 2). This locational advantage has allowed them to commit rapidly with their gold department, specifically in the markets in the MENA region. In terms of the diamond department, however, they are unable to commit as efficiently, mainly due to the experiential knowledge within each department. Although both departments have a locational advantage, the gold department has a stronger customer base and network, making them able to commit faster in the foreign markets. The diamond department explains how commitment may increase for the diamond department in the future:

> *"... in diamond jewellery, now we are beginning to have that effect. And hopefully we will be growing a lot more in the coming few years."*
>
> (I3, Appendix 2, pp. 37-38)

Seemingly, Company X is strategically using the same process for their departments, as he also expresses that the aggressive approach of the gold department will be implemented by the diamond department when a stronger vendor base has been built. Thus, Company X is actively trying to accelerate the commitment in their markets.

6.3.2.2 Overcommitment and decision-makers

Occasionally, Company X experiences overcommitment in their foreign markets, which is a consequence of accelerating the internationalisation speed in situations that are not always beneficial. It is acknowledged by Company X that they have to deal patiently with commitment in certain markets as it takes years to commit efficiently due to differences in foreign market uncertainties (I3, Appendix 2, p. 41). Although being aware of this, the diamond department manager mentions an example of overcommitment in the Malaysian market caused by the top management by selecting an unqualified decision-maker.

> *"The reason why we closed the Malaysian business is the person whom we had sent was not up to the mark. Not the partner. The partner was okay. But the person whom we had sent it to grow the business, to cultivate the business, he was not up to the mark that is why we closed down Malaysia."*
>
> (I3, Appendix 2, p. 49)

As mentioned, Oviatt & McDougall (2005) argue that decision-makers play a crucial role when determining the internationalisation speed, and Company X experienced this in a negative way, meaning that the decision-maker in Malaysia did not have the experiential knowledge to increase the commitment. Additionally, Hilmersson & Johanson (2015) argue that there is a negative correlation between rapid internationalisation speed when there is a lack of capabilities, which in this case was the decision-maker and his experiential knowledge. Thus, instead of increasing the commitment, Company X had to leave their operations in the Malaysian market which decelerated the internationalisation speed. Despite that, the decision-makers of the company mainly increase the speed of commitment in foreign markets, where specifically the owners are involved in important decisions that they are able to make quickly (I1, Appendix 2, p. 22). Furthermore, the managers with international experience and network have a substantial impact on international commitment, which the diamond department manager describes:

> *"For example, if the diamond department needs some jewellery from Italy we can just ask that manager, okay do you know this factory, even if he doesn't he has so much of networking over there, that he will get the contact and he will get the work done, so that definitely helps."*
>
> (I3, Appendix 2, p. 53)

Having internationally experienced managers who travel to different foreign markets, has provided Company X with a strong international network, which can be utilized to increase the commitment in specific markets.

6.3.2.3 Value network and value proposition

In combination with the capability of internationally experienced managers, Company X has increased the speed of foreign market commitment through other actors in their value network. Firstly, their strong network of suppliers around the world provides them with easier access to multiple markets, thus being able to commit quicker. In the foreign markets where they have gained market-specific knowledge and developed a network, they increase the commitment by investing in an office. They have mainly used this approach in the geographic close markets in the MENA region, in order to avoid unnecessary uncertainties regarding the value proposition and regulative, normative and cognitive institutions (I3, Appendix 2, p. 45).

In terms of the foreign markets where the company lacks market-specific knowledge and a strong network, the diamond department manager describes the process of how they increase the commitment as:

> *"If we don't have enough knowledge, we take a local partner because that guy might be knowing their market there. We don't know who we're dealing with. He has the knowledge, and he can help us. We share profits that is very fair."*
> (I3, Appendix 2, p. 48)

Acknowledging that the company lacks certain capabilities for specific markets has been beneficial for the commitment, as using the partners allows them to get a foothold in the market, which they most likely would have been unable to otherwise. This type of commitment mainly occurs in markets with high psychic and geographical distance (Johansen & Vahlne, 1977). In markets that are similar to the domestic market, the company is able to increase the commitment through offices without involving significant uncertainties, as the value proposition does not have to be adapted considerably. However, the need for adaptation of the value proposition has the effect that their commitment overall will be decelerated. Although Company X has a strong network of suppliers, their commitment in foreign markets is constrained because of customer perception and needs. As the industry they are in requires different designs based on the customer's perceptions, Company X is, as mentioned earlier, unable to accumulate stock, which decelerates the commitment.

6.3.2.4 Foreign institutions and the pandemic

Lastly, uncertainties derived from institutions and the pandemic have affected their commitment speed negatively. After investing in an office in Hong Kong, they experienced regulatory challenges that hindered them from committing rapidly, such as getting visa approvals for the employees and opening a bank account, which was lengthy processes (I3, Appendix 2, p. 39). Additionally, the office in Hong Kong was closed during a period of protests, causing the distribution channel from Hong Kong to be blocked, which delayed the commitment in other East Asian markets. Furthermore, their operations in the Russian market had to be stopped due to uncertainties with Russian institutions, specifically the government and language barriers (I3, Appendix 2, p. 44). Even in a geographical close market such as Qatar, Company X experiences difficulty with their commitment, because of disputes between Qatar and the UAE, which meant that they had to produce in Europe or East Asia in order to conduct business in that market (I3, Appendix 2, p. 39).

Finally, the pandemic COVID-19, has limited Company X to grow their customer base and even maintain the current customer base, as deliveries and payments have been delayed substantially. Multiple foreign markets have stopped the demand for products, which means that further commitment under these circumstances is impossible, as they instead will experience regression in their international commitment (I3, Appendix 2, p. 36).

6.3.3 Speed of geographical diversification

Within the last dimension of the internationalisation speed is geographical diversification. The elements of the business model that affect the speed of geographical diversification are the network and partnerships, value proposition, competition and strategy.

6.3.3.1 Network and partnerships

As established in the first part of the analysis, the network plays a crucial role in the internationalisation of SMEs. This section will represent the importance of networks and partnerships in the speed of geographical diversification. Whenever an SME wishes to enter a market, especially if it is geographically distant, the management of the SME must ensure that they have enough market-specific knowledge before they enter by having enough previous experiences with the market or by either having a local partner or a strong web of networks (I1, Appendix 2, pp. 24-25). Searching for a loyal and experienced partner within their business network can help increase the speed of internationalisation (Kraus et al., 2016) as it eases the foreign market entry, and according to the diamond department manager:

> *"You need to have a network first then you can enter. It is our policy, you could say that if we are starting business in any country, if we don't have enough knowledge, we take a local partner because that guy might be knowing their market there."*
> (I3, Appendix 2, p. 48)

For instance, in a market like Hong Kong, which is geographically and psychically distant, having a local partner that eliminates uncertainties is beneficial for the SME because it is less resource-consuming, as mentioned previously in the analysis. That includes uncertainties with laws and regulations, language, cultural differences, differences in taste etc. Therefore, having a partner or a web of networks that have experiential knowledge, will increase the speed of geographical diversification as it gives the SME the opportunity to spend fewer resources and move on to a new market quicker. Furthermore, a strong relationship with the partner is important to maintain, as uncertainties derived from partnerships will affect their value network, causing the speed of geographical diversification to be decelerated.

Entering markets that are psychically and geographically close to the domestic market, is on the other hand an easier process that does not need a partner or a significantly large network due to the similarities in the markets. As one of the owners of Company X is a local in their domestic market, it has created opportunities for the SME in regard to entering the neighbouring countries being described as *"really easy"* by the retail manager (I1, Appendix 2, p. 5). For instance, their entry to Oman took, according to the retail manager, only one month (I1, Appendix 2, p. 7), whereas the entry into Hong Kong took one and half years (I3, Appendix 2, p. 39). Thus, the further the foreign market is from the domestic market, the slower is the speed of internationalisation.

According to the literature, one of the main factors that increase the speed of internationalisation of a company is the network of the top management (Caputo et al., 2016; Jin & Jung, 2016; Raymond et al., 2014), which is also the case with Company X. One of the owners has good relations with diplomats in locations such as Africa, Indonesia and Singapore (I3, Appendix 2, pp. 47-48), which has helped them increase their speed of geographical diversification. Additionally, they try to expand their network and accelerate the geographical diversification through trade shows (I1, Appendix 2, p. 16), as this is a sufficient strategy for SMEs to meet new potential partners and expand the customer base from different foreign markets.

Moreover, as established earlier in the first part of the analysis, the relationship between SMEs and their suppliers is important to maintain. In regard to geographical diversification, having suppliers in diverse locations can create opportunities for SMEs to enter the market where their supplier is local. Depending on the relationship with the supplier, they can become a partner or a source of knowledge, which can speed up the geographical diversification of the SME. In the case of Company X, an essential supplier for their diamond jewellery department can open up new markets for them, specifically in Europe (because the European market is not attracted to big gold jewellery but rather simple diamond jewellery). This can help them change their value proposition to cater to similar markets and thus expand their geographical diversification. Overall, a strong value network affects the speed of geographical diversification positively.

6.3.3.2 Competition

The second element that affects geographical diversification is competition. Before Company X enters a new market, they ensure that the competition is not high through market research (I1, Appendix 2, p. 4). If they realise that the market is occupied and difficult to enter due to the competition, they seek other markets. However, it also slows down their internationalisation and their geographical diversification. An example of this is the US as a potential market which is stated by the diamond department manager as:

> *"Basically, because the United States is more price sensitive. They have a lot of access to Indian goods directly form Indian factories they are getting it at very, very cheap rate and you know here there are not really any factories that do these rates so we cannot challenge the Indian markets. "* (I3, Appendix 2, p 33)

Due to the competition that they face in markets such as the US, it is difficult to enter and become a strong competitor (I3, Appendix 2, p 33), which prevents the company from entering the market and thereby affects their speed of geographical diversification. As the literature suggests, SMEs can increase their speed of internationalisation through innovation (Langseth et al., 2016), so creating an innovative product can give them a competitive advantage and an easier entry process. If Company X can successfully enter the US market, the entry can lead to further georgical diversification in the neighbouring countries of the US, as when they entered Hong Kong.

6.3.3.3 Value proposition

As already established, the value proposition of a company is one of the main factors that influence an SME to select a new foreign market to enter. It can be argued that Company X's value proposition is slowing down their geographical diversification, due to the lack of diversity in it. The decision-makers of Company X are aware of the different preferences in some markets as the retail manager with uncertainty states:

> *"… If you look at the European culture, they buy very small jewellery. 14KT or small pieces of jewellery or small diamond jewellery."*
> (I1, Appendix 2, p. 5)

If they adapt their value proposition, it might increase the speed of internationalisation when it comes to geographical diversification, as it will create opportunities for them in locations such as the European market. But before adapting the value proposition, it is relevant to understand cultural differences and have market-specific knowledge to understand what the market wants and what they should offer them through their value proposition.

6.3.3.4 Strategy

According to the literature, the role of previous international knowledge, experience and skills and how to use them, is relevant for the speed of internationalisation of a company (Chetty & Campbell-Hunt, 2003; Caputo et al., 2016; Kenny & Fahy, 2011; Jin & Jung, 2016). The management of Company X ensures to appoint employees with the right experiential knowledge to the specific market, as they know how relevant knowledge is in order to succeed (I1, Appendix 2, p. 24). Although they are aware of this matter, they appointed the wrong person to their office in Malaysia, which resulted in closing the office as the appointed *"didn't match up to* [their] *expectations"* (I1, Appendix 2, p. 35). According to the diamond department manager, this did not affect their business as they are still doing business with the partner that they had (I3, Appendix 2, p. 49). On the contrary, if they had kept the office there, it could have been an opportunity for them to expand their geographical diversification to Malaysia's neighbouring countries through for instance export, the same way that they are using their office in Hong Kong. Because it is easier for them to expand their business into geographically close areas due to the psychic distance (I3, Appendix 2, pp. 41-42), it can be argued that the

speed of geographical diversification depends on how strong and confident SMEs are in their current markets and how their position there can help them expand even further.
As already established, the laws, regulations and the government of foreign markets can decelerate SMEs' expansion to further markets. For Company X, difficulties with Russian and Indian laws and regulations prevented them from entering the markets, adding to the importance of gaining market-specific knowledge (institutional knowledge) before diversifying international operations (I3, Appendix 2, p. 39; I3, Appendix 2, p. 56). Therefore, in order to ensure that resources in the form of capital and time are not wasted, SMEs must recognise when a market is not suitable for them (Chetty et al., 2014). By focusing resources on markets with higher potential, SMEs can avoid situations like the one Company X experienced in Russia, and thereby accelerate the geographical diversification.

It is evident that the diamond department manager understands the importance of geographical diversification by the following quote:

> *"Of course, our management is like very proactive in that we want customers from all parts of the world and because they know like it's like a Caterpillar. You know a caterpillar has so many legs. if one leg is damaged, they can still work it."*
> (I3, Appendix 2, p. 37)

They ensure that they always have activity, due to their strategic geographical diversification. In the case of a pandemic, this can ensure constant activity, so if one market closes down, they have other markets that will keep them active. This aligns with Oviatt and McDougall's third force (mediating) of internationalisation speed, which is when the management is able to discover and act on certain opportunities (Oviatt and McDougall, 2005), such as potential foreign market entries.

6.3.4 Synthesis

In the second part of the analysis, it has become clear that some elements of Shafer's Business Model affect multiple dimensions of internationalisation speed. Especially the elements within the value network play a crucial role when determining the internationalisation speed. Here the network of suppliers, partners and customers have an accelerating effect in every dimension of speed. Additionally, the decision-makers of Company X, generally increase the internationalisation speed, except for the decision-maker in the Malaysian market who decelerated the speed of deepening, meaning that the capabilities of Company X were lacking. The effect of these elements aligns with the literature stating that network and decision-makers in SMEs are determinants of the internationalisation speed (Oviatt & McDougall, 2005; Caputo et al., 2016; Jin & Jung, 2016; Raymond et al., 2014, Hilmersson & Johanson, 2015). Moreover, the value proposition and customers both have a positive and negative effect on the internationalisation speed. The speed of the first entry of a foreign market was accelerated due to the fact that the value proposition matched with the geographical close markets. However, when expanding to markets with high geographical and psychic distance, the customers require a different design, meaning that the value proposition has to be adapted, which decreases the speed of both deepening and diversification. Finally, strategy and competition have been determinants for the internationalisation speed of Company X. A general internationalisation strategy has been used to increase the speed of geographical diversification, where partners are used in markets where the knowledge of Company X is limited, while offices have been used in markets where the capabilities and network is strong. Lastly, the competition of some markets has, especially, affected the speed of geographical diversification, as some markets are too competitive to enter.

7 Synthesis – An integrated framework of the strategic use of the business model and the effect on internationalisation speed

This chapter contains an integrated framework and a synthesis of the elements in Shafer's Business Model that are both used strategically to face uncertainties and have an effect on the internationalisation speed of SMEs. First, the findings will be discussed and compared with the extant literature, and then, as a result of the purpose of the research paper, an integrated framework will be developed and presented.

7.1 Comparing the effect of Shafer's Business Model components

From the findings of the data analysis, it is evident that not every element of Shafer's Business Model has a significant impact when being used strategically by SMEs which is shown in Figure 2. The figure illustrates which element(s) of the business model can be used strategically to face the identified uncertainties and which dimension of speed they affect.

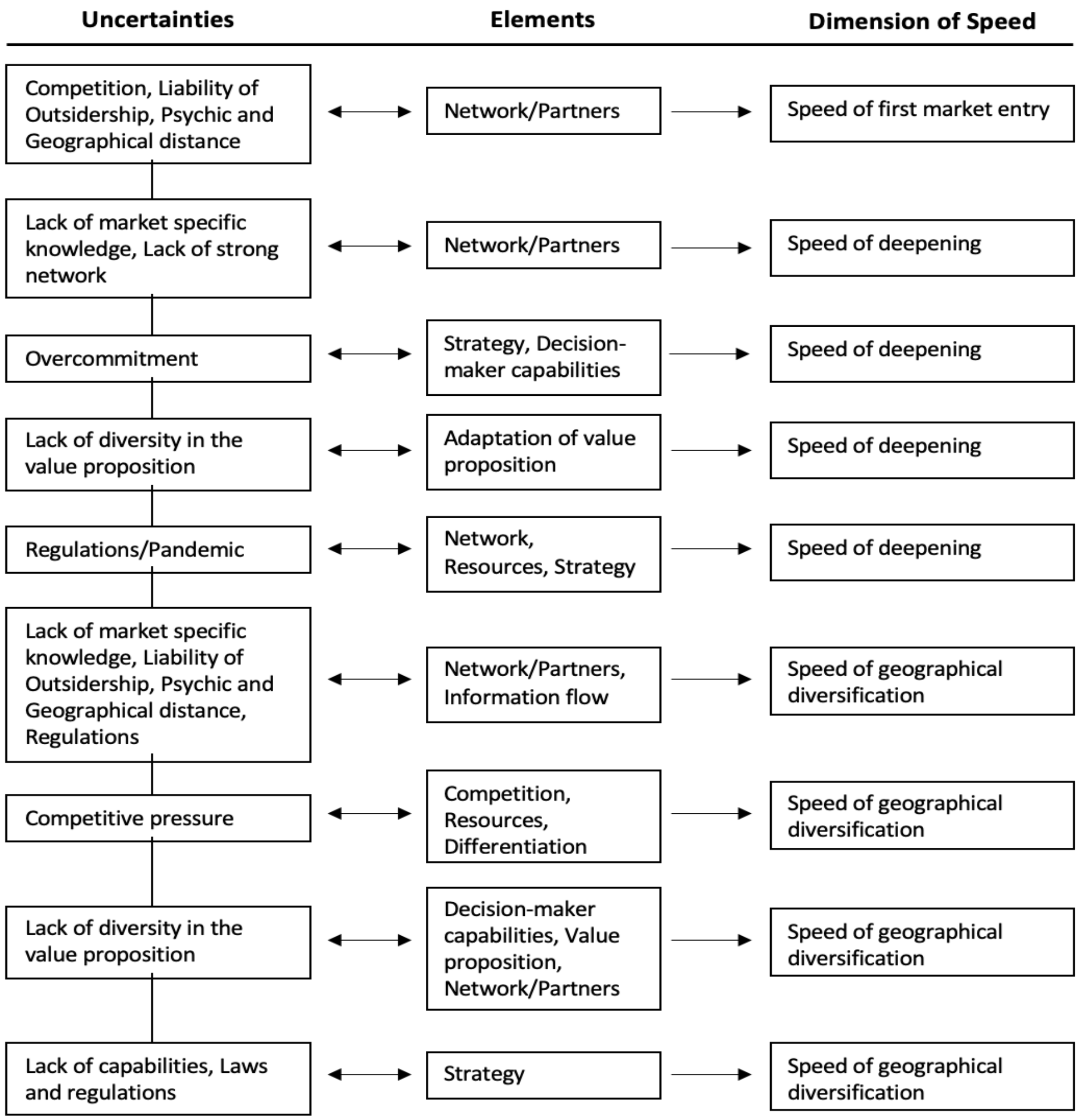

Figure 2: Uncertainties' and business model elements' effect on dimensions of internationalisation speed

Specifically, the elements with the most substantial impact can be found within the components of strategic choices and the value network, where some of the elements are only used to face uncertainties, and some also affect the internationalisation speed. As mentioned in the research gap, the extant literature fails to mention which actors in the value network can be used to face uncertainties and moreover how the actors affect the dimensions of internationalisation speed. Based on the findings, there is a distinctive connection between the suppliers and partners of SMEs, how they are able to strategically face uncertainties and the speed at which they internationalise. It is evident that strategically using an international network of suppliers and partners to face uncertainties such as customer barriers, competitive pressure and production issues, has an impact on the internationalisation speed. However, this effect does not arise solely from the elements of suppliers and partners, as it is the capability of SMEs having decision-makers with a strong network that allows those elements to be used strategically to face uncertainties. Moreover, as stated in the literature and the findings, the network of top management determines the internationalisation speed of SMEs, which demonstrates that there is an important connection between some of the elements in strategic choices and the value network (Caputo et al., 2016; Jin & Jung, 2016; Raymond et al., 2014). It can be argued that when using the network of suppliers strategically to face uncertainties in foreign markets, the speed of deepening and geographical diversification is increased. Specifically for Company X, their strong international network of suppliers allowed them to face the uncertainty of customer perceptions derived from psychic and geographical distance, while also increasing the commitment and expanding to new foreign markets. Furthermore, this is supported by the network of partnerships, which is used in foreign markets where SMEs lack knowledge and network, in which the market-specific knowledge of the local partners become lucrative to lower the liability of outsidership (Johansen & Vahlne, 2009).

In combination with facing the uncertainties in foreign markets with the decision-makers and network, the adaptation of the value proposition is crucial in the markets that are inherently different. Here, it is evident that there is an important link between the value proposition, suppliers and customers, as each foreign market requires different designs, which puts pressure on having a strong network of suppliers that are able to fulfil the market-specific customer needs. Furthermore, it can be argued that the strategic use of the value proposition differs when facing uncertainties and the way it affects each dimension of speed. When it comes to the speed of the first foreign market entry and when increasing commitment, SMEs increase the internationalisation speed by being able to use the same value proposition.

Additionally, when increasing the speed of commitment in those markets, SMEs intensify the input of resources, for example through offices, while growing the customer base. However, when increasing the speed of geographical diversification, there is a direct link between adapting the value proposition to face the uncertainty of customer barriers and the impact it has on the speed. Thus, when successfully adapting the value proposition, SMEs are able to accelerate their operations in multiple foreign markets.

7.2 Comparing the findings with extant literature

The second purpose of this chapter is to compare the theories from the literature review with the findings of the data analysis, in order to develop an integrated framework that considers the research problem but also relevant research from other theories that support the findings.

Applying Shafer's Business Model rather than the Business Model Canvas has allowed the implementation of a more strategic approach of how the elements of a business model can be used to face uncertainties. Specifically, through the components strategic choices and value network. For instance, it is demonstrated in the findings that Company X particularly uses the elements of capabilities and suppliers strategically to face either external or internal uncertainties, which are not directly mentioned in the Business Model Canvas. It can be argued that the Business Model Canvas is simplified to easily define the business model of a company, but when it comes to applying the business model strategically, Shafer's Business Model contains specified elements that are clearer to use on a single case study. It can be argued that facing uncertainties through the strategic use of elements in the business model, the strategic choice and the value network become more significant than creating and capturing value. Although Shafer et al. (2005) highlight that creating and capturing value cannot be ignored when implementing a business model successfully, there is a noticeable difference in the findings when the business model specifically is used to face uncertainties and when affecting the internationalisation speed. Instead, the elements within creating and capturing value, such as the financial aspects, resources and processes, have a supporting role in making sure SMEs are able to use the other elements strategically and efficiently. Additionally, it can be argued that our findings differ from Shafer et al. (2005), as the purpose of this research is not to specify the business model of Company X, but rather how the elements can be used strategically to face uncertainties and in explaining how the business model and its elements affect the internationalisation speed, which Shafer's Business Model is not intended for.

Freeman & Styles (2014) argue that resources are the main source of sustaining a competitive advantage and that SMEs can avoid uncertainties if being acquired. In this case, Company X is in a position where they, due to their size, have acquired the necessary resources, which has the effect that the uncertainties that are faced through value capturing and value creation are very limited. However, it can be argued that the characteristics of the uncertainties would have been different if this was not the case and that the strategic use of the elements of strategic choices and value network would not have been supported as substantially.

Concerning the original Uppsala Model and the Revisited Uppsala Model, the findings of this research generally align with the research of Johanson & Vahlne (1977; 2009). The findings align with the original Uppsala model regarding gradual commitment in foreign markets, and that uncertainties mainly arise when expanding to markets with high psychic distance without having the knowledge to face or avoid those uncertainties. However, it is noticeable that there is a difference when Company X is able to disregard the missing knowledge in the markets where they pursue partnerships, thus being able to increase the speed of deepening and geographical diversification. As for the Revisited Uppsala, it is acknowledged that the network, indeed, is the most important element in the business environment of SMEs as the value network is used to face uncertainties and affect every dimension of internationalisation speed. Despite that, if SMEs lack a strong international network, they can indirectly gain a network through a partnership that has a local network, which lowers the liability of outsidership and foreignness. This is demonstrated in the findings where Company X was able to enter Hong Kong by the use of a partner, and through that entry were able to diversify their international operations to neighbouring markets. Thus, SMEs are able to accelerate their geographical diversification without a strong network, but when increasing the commitment both knowledge and network are crucial.

When discussing the RBV in relation to facing uncertainties strategically through the business model, it can be argued that the resources of SMEs are important in supporting the strategic use of capabilities and other elements of strategic choices and the value network. The strong resources of Company X in some foreign markets allow them to gain capabilities that provide them with a competitive advantage and can be utilised to either face or avoid uncertainties. This becomes evident, as Company X is struggling with their international operations in the markets where the resources and capabilities are not used sufficiently, such as the US and Malaysia. Thus, Company X is unable to develop the competitive resources and capabilities in markets with high psychic and geographical distance as they are in their domestic and similar markets. Additionally, the resources and capabilities drive SMEs to accelerate the internationalisation speed, especially in the speed of deepening as they are able to increase commitment in specific foreign markets.

According to McDougall & Oviatt (2005), there are four types of forces that influence the internationalisation speed, where three of the forces are supported in this research paper. They argue that digital technology is the foundation of rapid internationalisation. However, in the case of Company X and the jewellery industry, the impact of technology is currently not of significance, as customers prefer to see the jewellery in person and wholesalers do not prioritise marketing (I3, Appendix 2, pp. 49-50). This also contradicts the research of Maria & Ganau (2016), where they argue that marketing strategies are crucial when SMEs internationalise. It can, however, be argued that this is solely a characteristic of industries, like the jewellery industry, that is traditional. Instead, what accelerated the internationalisation speed of Company X, was the forces of competition, decision-makers and knowledge and network, which has been highlighted previously.

7.3 Integrated framework

Based on the findings, synthesis and discussion an integrated framework is developed. Figure 3 presents an integrated framework for analysing how SMEs strategically use the elements of their business model to face uncertainties and how this affects the dimensions of the internationalisation speed.

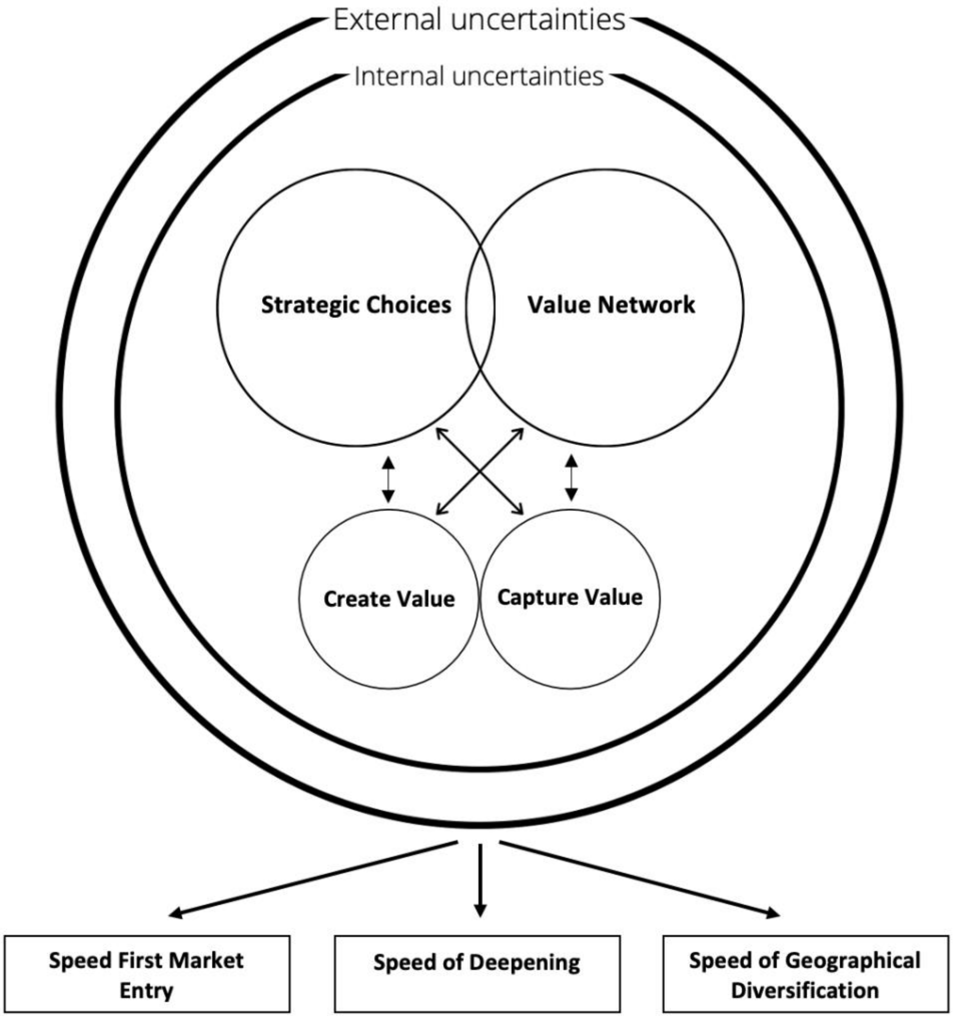

Figure 3: Integrated framework of the strategic use of the business model to face uncertainties and the effect on internationalisation speed

As illustrated in Figure 3, the framework is divided into two different parts functioning like the composition of the data analysis, where uncertainties and the business model components can be seen at the top of the figure and the dimensions of internationalisation speed beneath. The figure shows that SMEs are surrounded by both internal and external uncertainties when internationalising. The external uncertainties are difficult to face through the elements of the business model, as they are often derived from foreign institutions which the SMEs cannot control, but only try to adapt to. The internal uncertainties, on the other hand, are derived from the business model and SMEs will therefore be able to face the uncertainties directly by changing or adapting the elements, such as production uncertainties that SMEs face by adapting their network of suppliers.

As mentioned earlier in this chapter, and illustrated in Figure 3, strategic choices and the value network have the biggest impact, they are made visually larger due to the findings of the research paper, where most of the external and internal uncertainties are faced through elements of these components. This does not imply that the components of capturing value and creating value are disregarded when facing uncertainties, but rather that they primarily support the elements of strategic choices and the value network. Specifically, SMEs should prioritise strengthening their resources, processes/activities and financial aspects in order to sufficiently use other elements strategically.

Lastly, it is illustrated that when the business model is used strategically to face uncertainties, it will affect each dimension of internationalisation speed. Each dimension is affected by different elements of the business model, which means that these elements either accelerate or decelerate the speed of internationalisation, as illustrated in Figure 2.

Thus, when SMEs internationalise and face uncertainties through the elements of the business model, they must be aware that the strategic decisions that are made will affect the speed of internationalisation.

8 Conclusion

This research paper has provided an insight into how SMEs strategically use the elements of Shafer's Business Model to face uncertainties and how this affects the speed of internationalisation. In other words, the research paper has explored which specific elements of strategic choices, the value network, value capturing and value creation are used to face uncertainties that are either internal or external. Secondly, the speed of the first market entry, deepening and geographical diversification are affected by different uncertainties and elements. This has been explored through a single case study where the findings are based on the experiences and interpretations of two influential decision-makers and one of their suppliers. As mentioned earlier, there is a lack of research in SME literature on the strategic use of business models to face uncertainties and what effect it has on the internationalisation speed, which is addressed in this research paper.

Based on the findings it can, first and foremost, be concluded that the impact of the business model components, when facing uncertainties, differ. The elements used strategically to face uncertainties can mainly be found within strategic choices and the value network, while the elements of creating and capturing value are supporting those elements to be used efficiently. The findings, based on Company X, contradict that SMEs experience uncertainties as a result of lacking resources (Schneckenberg et al., 2016), but rather that internal uncertainties are derived from the value proposition, customers, lack of capabilities, suppliers/production and product/service flow. The external uncertainties are derived from psychic and geographical distance, customer perceptions, competitive pressure, laws and regulations and the pandemic. These uncertainties are faced through multiple elements of strategic choices and the value network, where especially adaptation of the value proposition, decision-makers' capabilities and network relationships are used in foreign markets that are psychic and geographically distant. Additionally, it can be concluded that there is an important link between the decision-makers' capabilities and other elements when facing uncertainties, as the strategic decisions are executed by decision-makers with experiential and international knowledge, and that the elements within creating and capturing value allow them to do so.

Moreover, it is evident that the value network, indeed, allows SMEs to accelerate their internationalisation speed in every dimension, as partnerships and suppliers grant them additional market-specific knowledge, local network and valuable capabilities to both increase commitment and further diversify the foreign markets. When entering the first foreign market and determining the speed, the uncertainties of competitive pressure, the liability of outsidership and psychic and geographical distance are faced strategically through the network of decision-makers, and partnerships.

The uncertainties and elements that affect the speed of deepening are lack of knowledge and network, overcommitment, lack of diversity in the value proposition, regulations and the pandemic, which are faced through network/partners, strategy, decision-makers' capabilities, adaptation of value proposition and resources.

Lastly, when determining the speed of geographical diversification, the elements of network/partners, information flow, competition, resources, differentiation, decision-makers' capabilities, value proposition and strategy are used strategically to face the uncertainties of lack of knowledge, the liability of outsidership, psychic and geographical distance, laws and regulations, competition, lack of diversity in value proposition and lack of capabilities.

This thesis contributes to international business research and theory, internationalisation of SMEs, risk management, business model research and the field of internationalisation speed. Due to the lack of abductive research within the field of Business Economics, this research paper has contributed to the methodological use of the abductive approach to developing an integrated framework of business models, uncertainties and internationalisation speed.

9 Limitations and Further Research

During the data collection process, the researchers faced a couple of limitations that have affected the results of the research. While conducting the interviews, it was clear that the interviewees were holding back on information. They have multiple statements with no further elaboration even when asked to elaborate or clarify. That could either be due to language barriers, as all interviewees have an Indian background or confidentiality. Furthermore, the data would have been more sufficient if the researchers could have interviewed more of Company X's staff. If we could have interviewed managers or decision-makers from other departments, such as their financial department, we might have been able to gather more data for creating and capturing value in the business model. Although this was promised in the beginning of the research process, the decision-makers later changed their minds. This also means that the data gathered is based on only the retail manager's, the diamond department manager's and their supplier's knowledge. We have not been able to gather further data beyond their knowledge. Additionally, as we only have collected data from one SME, the findings have been affected in a way that some elements that can be used to face uncertainties and affect the internationalisation speed have been neglected. For example, from our findings, the element of competition only affects the speed of geographical diversification, but realistically this element should affect every dimension.

An interesting perspective for further research is changing the research design from a single case study to a multiple case study. As discussed in the quality assessment, conducting a multiple case study could strengthen the transferability of the research paper. By conducting a multiple case study, one would either choose to look within the same industry or across industries to explore if the results would be different. Furthermore, depending on the number of cases, it could be either a qualitative or quantitative case study. A different perspective on further research is to test the conceptual framework created in this research paper. It can be tested for SMEs within the jewellery industry or other industries to see if it is an applicable general framework or not. Another perspective is to base a research paper on a single case study to research how the uncertainties and elements affect only one of the three dimensions of speed, depending on which stage of internationalisation the company is in. Lastly, research could be made on whether rapid internationalisation is beneficial or not for a company. As we have discovered with Company X, they have experienced overcommitment as a consequence of rapid internationalisation. Thus, the focus of the research could be the consequences companies experience due to their rapid internationalisation.

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