Internationalization of Healthcare and Care firms

A case study regarding the factors affecting the internationalization process of Swedish Healthcare and Care firms

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Abstract

The international business environment has experienced an increase in the international activities of service firms in recent decades. Service firms are expanding to markets outside of their home country market, seeking new geographical markets to increase their market shares and strengthen their position on a global scale. The previous literature on internationalizing firms tends to focus on traditional manufacturing firms, ignoring firms operating in service sectors. Although there has been an increase of literature about internationalizing service firms in recent years, studies regarding the internationalization of service firms operating in highly regulated markets such as the healthcare and care sector are still a rather unexploited field. This case study investigates factors that affect the internationalization process of three Swedish healthcare and care firms, with particular emphasis on drivers and barriers. By studying this rather unexploited field of the internationalization literature, this study has the ambition to increase the knowledge of the subject. The results suggest that Swedish healthcare and care firms experience drivers and barriers related to their internationalization process, found in the existing literature of internationalization, however, some industry specific characteristics were shown to affect their internationalization process as well.

Key words: Internationalization, Healthcare and care sector, Drivers for internationalization, Barriers to internationalization
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1. Introduction

This chapter begins with an introduction to the subject of the thesis followed by the problem formulation and the purpose of the study. The research questions are presented in the purpose of the study subchapter found in the end of the chapter.

1.1 Motivation for the study

The international business environment has experienced a dramatically transformation in recent decades, a transformation towards globalization and internationalization (Olejnik and Swoboda, 2012). Advances in information, communication, transportation technologies along with deregulations of financial markets and decreasing tariffs has shaped the international business environment to become more connected and integrated than before, which has created new opportunities for businesses (Bisson, Stephenson Vigueri, 2010; Axinn, and Matthysssens, 2002; Audretsch, 2003). Furthermore, due to the globalization, it has become natural for firms to seek business opportunities on foreign markets, outside of their home country market. By expanding abroad, firms seek new geographical markets to increase their market share, increase sales and profits, and strengthen their position on a global scale (Daniels and Radebaugh, 1998). Traditionally, companies that has gone through internationalization has been large resource-full companies, often found in the manufacturing sector. However, there has been an increase in internationalizing service firms which has attracted the attention by scholars in recent decades (Buckley et al, 1992; Erramilli, 1989, 1991; Erramilli and Rao, 1993; Li, 1994; Sharma, 1988; Eriksson et al, 1997; Edvardsson et al., 1993; O’Gorman and McTiernan, 2000; Barber et al., 1989; Sijbrands and Eppink, 1994; Dunning and Kundu, 1995).

Swedish firms have traditionally been active on international markets, many of which has become fully grown multinational corporations (MNCs). Companies like Volvo, Sandvik, Atlas Copco and SKF have grown into large MNCs with operations in multiple markets around the world. These companies have help shape Sweden’s international competitiveness and has helped prepare the way for further Swedish international ventures. Although predominantly a trend among manufacturing firms, there has been an increase in internationalized service firms (Roberts, 1999; Javalgi, Griffith, and White, 2003). One sector in which service firms have been identified to internationalize in a greater extent than before
is the healthcare and care sector (Orava, 2002). Healthcare (medical care to individuals or a community) and care (disability care, elderly care etc.) companies are seeking new business opportunities on new geographical markets outside of their home country market (Orava, 2002). However, little is known about the internationalization of these firms, about their drivers for internationalization and the challenges related to their internationalization process when expanding to highly-regulated sectors (Laurell, 2015), like the healthcare and care sector.

1.2 Problem discussion

Historically, large resource-rich firms, that are operating in a relatively stable industry setting, often manufacturing firms, have dominated the internationalization research within the field of international business, often leaving out the characteristics of internationalizing service firms. Furthermore, the previous research has not focused on the early stages of the internationalization of firms (Mathews and Zander, 2007) or how or why the actual process starts (Andersen, 1993; Johansson and Vahlne, 2009). This area of the internationalization literature lack sufficient research, there is a knowledge gap regarding the internationalization process of service firms, their drivers for internationalization, as well as what barriers they face when they decide to internationalize, especially regarding firms that operate in a highly-regulated industry setting (Laurell, 2015). To exemplify from leading streams of internationalization research, some of the most noticeable theories will hereby be accounted for. One of the most influential theories on the internationalization process of firms is the Uppsala model of internationalization (Johanson and Vahlne, 1977). The Uppsala model describes how firms takes small incremental steps when internationalizing where market knowledges dictates the commitment of the firms (Johanson and Vahlne, 1977). The Uppsala model acknowledges that firms face barriers when internationalizing, and therefore, states that market knowledge is of great importance when firms internationalize. However, the model does not provide sufficient knowledge on the reasons why firms internationalize in the first place, and does not acknowledge the entrepreneurial aspects of the early stages of the internationalization process (Keupp and Grossmann, 2009). Other studies on the internationalization of firms tend to focus on the decision of entry modes, like the study by Hill et al (1990), where they published a framework of the underlying constructs that influence the entry mode decision of the firm. Furthermore, the importance of relationships and network as tools for internationalization has been studied (Johanson and Mattsson, 1988;
Mitgwe, 2006; Chetty and Blankenburg Holm, 2000; Coviello and McAuley, 1999; Johanson and Vahlne, 1990), which states that the firm will achieve a greater level of knowledge if being exposed to a larger number and variety of knowledge sources than solely relying on its own internal capabilities, which will help the firms overcome barriers related to their internationalization process, and furthermore will increase the likelihood of a successful internationalization (Osland and Yaprak, 1995; Inkpen, 1996). As the international business environment changed during the 1980s and 1990s, new theories emerged that focused on firms, often smaller in size than the previous internationalizing firms studied in the literature, that internationalized early in their inception (Oviatt and McDougall, 1994; Bell et al., 2003; Knight and Cavusgil, 1996; McDougall and Oviatt, 1996). These theories shed new light on the entrepreneurial aspects of internationalizing firms; however, the research was focused on firms in the manufacturing industry rather than service firms. Most of the research that has been conducted on the internationalization process of firms, tend to focus on the one hand on traditional manufacturing firms which internationalize in incremental steps, and, on the other hand, firms that internationalize in a rapid way from their inception, often leaving out firms in the service industry (Olejnik and Swedoba, 2012). Hence, although many aspects of the internationalization process of firms have been researched and studied, there is a knowledge gap regarding the internationalization process of service firms, especially service firms that internationalize to markets with a highly-regulated industry setting. There is a large knowledge gap on the different characteristics firms face when internationalizing to highly regulated industry settings (Laurell, 2015), therefore, much is unknown about the constraining factors firms face when operating in such business environment (Laurell, 2015). There are however some studies on manufacturing firms that internationalize to markets where there is a highly-regulated business environment, like the biotechnology sector (Brännback et al. 2007; Gassmann and Keupp 2007; Jones et al. 2011b; Lindstrand et al. 2011; Melén and Nordman 2009; Nordman and Melén 2008; Toltzoy and Agndal 2010). These studies investigate firms that operates in a highly-regulated industry setting, however, the main objective of these studies is not to identify what impact the highly-regulated environment has on the internationalization process of the firms (Laurell, 2015). According to Laurell (2015), who studied the internationalization process of medical technology firms which operates in the healthcare and care sector, firms which operates in this type of environment face constraining factors which lack sufficient evidence in previous research. One sector which is characterized as being highly regulated, which has not been sufficiently studied yet, is the healthcare and care sector (Orava, 2002). By exploring the internationalization process among service firms
in an unexploited context, i.e., a highly-regulated industry setting, this study aims to reduce the lack of knowledge in this field.

1.3. Purpose of the study

The purpose of this study is to study factors that affect the internationalization process of Swedish healthcare and care firms, with particular emphasis on drivers and barriers. By investigating the internationalization process, the study aims to increase the knowledge regarding the studied phenomenon, to contribute to the existing empirical findings, i.e., there is an empirical contribution. Furthermore, the study will contribute to the theory of internationalization by studying a field which the existing literature has not fully studied, i.e., there is a theoretical contribution. In order to fulfil the purpose of the study, the following two research questions have been formulated:

1. Which are the main drivers of internationalization in internationalizing Swedish healthcare and care firms and how do these influence the internationalization process?

2. Which are the main barriers to internationalization in internationalizing Swedish healthcare and care firms and how do these influence the internationalization process?

1.4 Delimitations

As the previous subchapter states, the aim of this thesis is to study factors that affect the internationalization process of Swedish healthcare and care firms, with particular emphasis on drivers and barriers. However, the research is delimited to study companies which mainly operates in the care sector, therefore, the research will not be able to include firms active in other segments of the healthcare and care sector.
1.5 Thesis outline

This thesis is divided in six chapters. The second chapter, the literature review, is divided in three parts. In the first part, the existing literature is reviewed, in the second part, the theoretical framework is presented and discussed and in the third and last part of the second chapter, the conceptual model is presented based on the findings in the theoretical framework. The conceptual model is used as framework when analysing the empirical findings. The third chapter focus on the methodology used in this study. The chapter begins with describing the chosen research approach and the research method followed by descriptions of how the data was collected and what interview technique is used in this study. The following chapter, chapter four, begins with a presentation of the characteristics of Swedish healthcare and care exports, followed by the empirical findings. The empirical findings are presented separately where each case has its own subchapter. The analysis is presented in the fifth chapter, the chapter ends with a table showing the drivers and barriers identified in the cases related to the respective theories. The sixth chapter, the discussion chapter, presents the results of the study and furthermore elaborates on the findings of the study. The last chapter, the seventh chapter, presents the conclusion, limitations of the study and suggestions for further research.
2. Literature review

This chapter will present previous literature related to the topic of the thesis as well present the conceptual model used in this study. The chapter begins with an introduction to the previous literature on internationalization related to the studied subject of the thesis followed by the theoretical framework. In the end of the chapter, the conceptual model is presented and explained.

2.1 Introduction

There has been a paradigm shift in the international business environment, where economic activities, has gone from being predominantly concentrated to a local or national level to becoming an international or global phenomenon. This shift, has been observed by scholars as being the most critical development in the shaping of the economic environment (Audretsch, 2003). Furthermore, advances in transportation and communication have allowed for interaction between people at a low cost, which have led to a much more conspicuously economic environment and the globalization of the world (Audretsch, 2003). The continuous deregulation of financial markets together with technological achievements has made it possible for smaller firms to compete in international markets alongside larger companies (Bloodgood et al., 1996). This phenomenon has attracted the attention of researchers who began to study the different characteristics of internationalizing firms and how they went about their internationalization process. The first studies published on this subject focused on large multinational corporations, often in the manufacturing sector, rather than firms operating in the service sector. However, as the years went by, more and more studies focused on the internationalization process of service firms, on how and why service firms internationalize. According to Gjellerup (2000), there are three main forces that are considered the driving forces behind the globalization of service firms, namely: the rapid growth of low-cost technology integrating people and locations; decreasing trade barriers as well as financial deregulation; and, the improved economic environment and the expansion of emerging markets. This chapter will present and review the literature on internationalization among service firms and healthcare and care firms to identify the important characteristics related to this specific phenomenon. Furthermore, these characteristics related to the chosen topic of the study will be the foundation for the chosen framework used to analyse the empirical findings of the study aimed to identify how Swedish healthcare and care companies
internationalize and what factors are considered the driving forces of the international expansion of these firms.

2.2 Review of existing literature

2.2.1 Service firm internationalization

The previous literature on internationalization tend to focus on large firms, primarily in the manufacturing sector. Thus, the internationalization process among service firms have not been studied in the same extent. However, the internationalization process among service companies have gained a larger share of attention in the last decades (Buckley et al, 1992; Erramilli, 1989, 1991; Erramilli and Rao, 1993; Li, 1994; Sharma, 1988; Eriksson et al, 1997; Edvardsson et al., 1993; O’Gorman and McTiernan, 2000; Barber et al., 1989; Sijbrands and Eppink, 1994; Dunning and Kundu, 1995). One group of researchers have found that the internationalization of manufacturing firms and service firms have indifferences which makes for a problematic implementation when using the same theories (Root, 1987; Bradley, 1991; Buckley et al, 1992). However, a second group of researchers acknowledge that the existing literature on internationalization is applicable for firms in the service sector as well (Boddewyn et al, 1986; Erramilli, 1990). When Coviello and McAuley (1999) reviewed literature on internationalization among small and medium sized enterprises (SMEs) they discovered only sixteen published studies on the internationalization of SMEs. Furthermore, only five of those sixteen published articles were about SMEs operating in the service sector, where three of the articles focused on the software sector, one examined the differences between traditional service firms and manufacturing firms, and one investigated a variation of different business service sectors. Haashti et al (1998) published an extensive study where they studied the internationalization process among SMEs in eight different countries, and just like most the previous research on SMEs internationalization, the study focused on manufacturing firms. O’Gorman and McTiernan (2000) studied the drivers and barriers related to the internationalization process of Irish service firms operating in the hotel industry. They found that the most important factor influencing the decision to internationalize was the desire to increase profits. Furthermore, other factors influencing the internationalization process of the hotel firms were: to reduce the dependency on the home market; to establish the hotel’s reputation outside the home country; to serve/locate new customers; and to gain international
experience. Moreover, O’Gorman and McTiernan (2000) found that the biggest barriers to internationalization were the size of the hotel group and access to capital, these are common barriers for internationalizing firms (Barber et al., 1989). Other barriers found in their study were lack of international knowledge and experience as well as escalating costs in foreign markets (O’Gorman and McTiernan (2000). According to Normann (1991), in general, service firms that internationalize needs to be able to meet the specific needs of individual customers, however, it is possible to use the same type of basic knowledge for different market segments. However, firms sometimes lack the resources or market knowledge needed to be able to identify market needs in international markets or to offer alternative solutions in different markets (O’Gorman and McTiernan (2000). According to Javalgi and Martin (2007) the literature on internationalization among manufacturing firms can provide a theoretical background for the research on service firms in an international context but there is a need for the formulation of new theories specifically aimed at explaining the behaviour of service firms when going through internationalization. Since services are intangible in its nature, it is more challenging to transport, store and export the services than for product based firms. Thus, there is an apparent need for the use of information and communication technology among service firms. Furthermore, most of the services requires a high degree of customization and interaction between the producer and the customer in the different steps of the service activity (Miles, 2005). Researchers have identified three main strategies among service firms who internationalize (Erramilli and Rao, 1990; Majkard and Sharma, 1998; Hellman, 1996). The first strategy is called customer-follower, which describes firms that internationalize to follow their customers. This strategy has been observed as being much more frequently used among service firms regarding manufacturing firms (Erramilli, 1990). The second identified strategy is the market-seeker, this refers to firms that from the inception seeks to expand internationally and capture market shares on foreign markets. The third and last of the strategies found to be used by firms in the service sector when internationalizing is called follow-the-leader and refers to firms that expand overseas to imitate the leader, this strategy is mainly found in oligopolistic sectors.

The literature on service sector firms and their internationalization process have shown that experiential knowledge, i.e. knowledge gained through experience, is an important factor when studying this phenomenon. In a study done by Erramilli (1991) on US service firms throughout different service sectors, mainly firms in the technology sector, it became apparent that firms with a low level of experiential knowledge tend to expand to similar markets while
firms with a high level of experiential knowledge expand to more distant and heterogeneous markets. When Eickelpasch and Vogel (2009) studied service firm on the German market, they found that factors such as firm size, human capital, productivity and experience of the national market played an important role when firms internationalize. Furthermore, trade related obstacles linked to service firms such as regulatory and prudential requirements are known to be more distinct than for manufacturing firms according to O’Farrell and Wood (1994). O’Farrel and Wood (1994) found also that service firms which operate on a project basis, tend to determine their target markets through their contracts. According to Roberts (1999) the cost of internationalization among service firms are lower than for manufacturing firms, furthermore, the level of market commitment is generally lower as well which makes for a favourable situation when expanding overseas. According to Erramilli and Rao (1993), service firms tend to require a close collaboration with their customer.

2.2.2 Healthcare and care firm internationalization

The literature on healthcare firms and their internationalization process is rather vague, however, Orava (2002) studied the phenomenon and presented his findings in the article “Globalising medical services: operational modes in the internationalisation of medical service firms”, to explain how and why healthcare companies internationalize in broad terms. Furthermore, evidence shows that small knowledge-intensive professional firms, like healthcare firms, do not follow any charted steps when internationalizing (Bell, 1995). According to Orava (2002), the drivers of growth regarding healthcare companies and their internationalization can be described as: a growing need for knowledge-based expertise, as the functions of the society becomes more specialised and complex, the demand for knowledge-based expertise increases; increasing competition, deregulation, and privatisation, the healthcare industry has been one of the last industries to be experiencing these trends which has enabled healthcare companies to internationalize in higher extent than before; changes in demographics, the aging of the population has meant challenges to the healthcare sector, which has presented opportunities for private actors; customer mobility and new delivery channels, increasing customer mobility as well as development of new delivery channels has led to competition becoming increasingly global. Furthermore, there has been a growing demand for knowledge in the overall international business environment which has led to knowledge-intensive services like medical services being sought after (Orava, 2002;
Brooking, 1996; Stewart, 1997). The healthcare companies use their core competencies, which are firm-specific skills, which is derived from the company’s knowledge base and embodied in their services, to obtain the highest level possible of satisfaction among the customers and fulfil their needs (Bogner and Thomas, 1994). As earlier mentioned, there is a trend towards increasing internationalization of healthcare firms, however, the internationalization of services in medical care has been slower than for other healthcare related firms, like for instance pharmaceutical companies. This is due to the domestic or local nature of the medical care sector, where the healthcare and social services remain the responsibilities of the public body of the country (Orava, 2002). Furthermore, the structure of the financial system as well as the social security system are built differently between countries which makes the internationalization of medical services more problematic than in the case of other healthcare services, such as pharmaceutical companies (Orava, 2002). However, a growing trend of mergers and acquisitions has been noticed in the medical care services in the US and the western part of Europe, where profit-driven private companies are growing and becoming important actors in the global healthcare sector (Orava, 2002). According to Orava (2002), the internationalization of healthcare firms will continue to increase and will be able to challenge the domestic tax-financed healthcare systems of today. He continues to say that this will require changes in the public infrastructure regarding the social policy arrangements in many countries; however, the present trend is toward liberalization of markets as well as internationalization of services (Orava, 2002). There are several different factors that influence the international activities of internationalizing healthcare firms, home country factors such as high competition, target country factors like market size, level of demand for the services, cultural and social characteristics and physical distance all play a part in the formulation of international strategy of the firms. According to Orava (2002), the regulatory environment of the target country is of great importance for the internationalizing healthcare company, since regulations and juridical obstacles becomes potential barriers for the international activities of the company. Healthcare firms, like other knowledge-intensive service firms, are found in highly regulated industry settings, which probably results in the manoeuvrability and entrepreneurial creativity being constrained (Laurell, 2015). Although, there are very few studies on healthcare firms and their internationalization, there are studies on medical technology firms and their internationalization process (Brännback et al. 2007; Gassmann and Keupp 2007; Jones et al. 2011b; Lindstrand et al. 2011; Melén and Nordman 2009; Nordman and Melén 2008; Tolstoy and Agndal 2010), which operates in a similar industry environment characterized by
regulative requirements (Laurell, 2015). However, although the studies on the internationalization of medical technology firms involve firms in a highly regulative industry, few of the studies details how the regulatory environment affect the international activities of the firms (Laurell, 2015). Gassmann and Keupp (2007) states that the regulatory environment in which the firm operates, affect the efficiency of the firm, something that Orava (2002) also found in his study. Hence, healthcare and care companies, which operate in highly regulated industry settings, are likely to be exposed to obstacles regarding their internationalization process. Thus, like Gassmann and Keupp (2007) further stated, the firms will most likely have come up with strategies to address these constrains. Furthermore, there are some aspects of the healthcare services that are reported to be more well suited with internationalization than others. Services regarding basic level medical care in municipal health care facilities are seen to be coping well with internationalization. When Bolis (2001) and Outreville (2007) studied the healthcare sector, they found four different modes used by the healthcare firms when internationalizing. The first mode they observed were cross-border delivery, which includes the delivery of information and/or services through traditional channels or electronic health services. Furthermore, the second entry mode found was the one of medical tourism, where customer travels abroad to receive diagnosis and treatment services from the healthcare company. Another way the healthcare companies were observed to internationalize were through the establishment of operations abroad, though FDI in the form of equity or non-equity modes. The last of the four entry modes observed by Bolis (2001) and Outreville (2007) were the movement of personnel, for a period or permanently. This would require cooperation with an actor on the foreign market which have knowledge and experience on the characteristics of the specific market. Outreville (2007) found that factors such as cultural distance, general country risk, governmental policies and availability of quality inputs were important to consider when healthcare firm expand abroad.

2.3 Theoretical framework

2.3.1 Process model approach to internationalization

In the 1970s, theories emerged within the international business field that focused on the firm and its process of internationalization. The new theories stated that the decision-making process of the firm is restrained by the fact that the management cannot gain all knowledge
about the market. Moreover, since a firm is bounded by the defined capability to process information (Cyert and March, 1963), the firm makes additional readjustments to the changing setting in the firm as well as in the surrounding environment (Aharoni, 1966). The most influential process model within the field of international business is the Uppsala model, developed by Johanson and Vahlne in 1977 (Johanson and Vahlne, 1977). The model emphasizes the interplay of knowledge development and increasing foreign market commitments. Johanson and Vahlne (1977) used the findings of Johanson and Wiedersheim-Paul’s (1975) study on four Swedish companies, which were observed to internationalize in certain incremental steps known as the “establishment chain”, as their framework when formulating the Uppsala model. When entering a new market, both the geographical distance as well as the psychic distance (the perceived distance between two different countries) are important factors deciding which countries to enter first and how to do this. The psychic distance is explained as factors that might complicate the internationalization of the firm, such as cultural and social differences, language barriers and and/or political systems (Johanson and Wiedersheim-Paul, 1975). By choosing countries that are like the home country, firms minimize the psychic distance and thereby minimize the perceived risk. Hence, firms tend to begin their internationalization process by entering markets that are like their home market which for the most part means that they will expand to neighbouring countries in their early stage of internationalization (Johanson and Vahlne, 1977).

Aside from the Uppsala model, other process models have been developed by Bilkey and Tesar (1977), Cavusgil (1980, 1984), Reid (1981) and Czinkota (1982). These models are known as the innovation-related internationalisation models (I-models) which describes the internationalization of the firm as an innovation, hence, offering another perspective regarding the process of internationalization. According to Bilkey and Teasar (1977), Cavusgil (1980), and Reid (1981), each step in the internationalization process is considered an innovation for the firm. Andersen (1993), states that the innovation-related internationalisation models are based on the fundamentals of the Uppsala model, where the learning sequence is of great importance, this becomes apparent in the I-models where the focus is on the learning sequence in relation to the innovation point of view. However, the innovation-related models focus on the internationalization of small firms unlike the Uppsala model which presents a more universal understanding on the steps taken by firms when expanding internationally (Andersen, 1993). Bilkey and Tesar (1977) examined the use of a stage model when analysing the internationalization process of small and medium-sized firms.
Furthermore, Reid (1981) acknowledged the importance of differentiating between international expansion of large and small firms, stating that small firms are more likely to be influenced by individual decision makers within the organization. Therefore, the innovation-related models have paid more attention to the individual when explaining the steps taken by firm’s internationalization process (Cavusgil, 1984).

The explanation for internationalization among firms differs among the I-models, the decision is affected by push or pull factors, where the push factors consists of changes in the external environment pushing firms towards initiating the export decision, while the pull factors are considered internal factors causing the firm to move from one step to another (Bilkey and Tesar, 1977; Czinkota, 1982; Cavusgil, 1980; Reid, 1981). Andersen (1993) acknowledges that the difference between the I-models and the Uppsala model mainly can be found in what phase of the firm’s internationalization the model sets out to explain. The I-models are developed to be used in a context where the initiation of export activities begin up until the time they are to be regarded a standard activity of the firm in its international activities, rather than in the later parts of the process. Furthermore, the Uppsala model may be applicable in a larger extent than the I-models, since the model is not bounded to any period during the internationalization process. However, the Uppsala model have received critique from scholars arguing that the model lacks sufficient knowledge regarding how or why the internationalization process starts and that it is too deterministic as well as simplistic when explaining the international expansion of firms (Andersen, 1993; Melin, 1992; Chetty and Campbell-Hunt, 2003). When discussing born globals, firms that from the inception seeks to internationalize and gain competitive advantages through operations in multiple countries, the fundamentals of the model can be applicable, however, the “rings in the water” expansion steps described in the Uppsala model does not make a favourable fit when focusing on rapidly internationalization firms (Madsen and Servais, 1997).

When Johanson and Vahlne (2009) published their revised version of the Uppsala model, they emphasize the role of networks when firms internationalize. The original model viewed firms as an independent actor while the revised version describes how firms use relationships to connect to networks in which the actors are interdependent on each other. Furthermore, the physical and psychic distance are described to be of less importance regarding firm’s internationalization. Johanson and Vahlne (2009) argues that one of the most important factors that push firms to internationalize is to strengthen their position within their network,
according to their study, firms use their relationship in their network when deciding which market to enter and how to do so. By being in a network, firms can engage in opportunity development processes where other firm’s needs can be either identified or generated. This interactive process is based on trust and commitment among the firms found in the network. Furthermore, the level of trust, knowledge and commitment among the firms within the network, will affect the internationalization process of the firm, and when firms realize that their network has a positive effect on their internationalization, they will be encouraged to seek further relationships and networks. The original version of the Uppsala model emphasized that firms needed to overcome barriers and grow in order to internationalize successfully, however, the revised version shows that the success rate of the internationalization of the firm depends on how well integrated and well positioned the firms are in their networks, which is determined by the level of trust and commitment among the actors in the network, and how well the firms can utilize the opportunities that emerge within the networks.

Since most of the previous research on internationalization have been focusing on large firms (Coviello and McAuley, 1999; Coviello and Munro, 1997; Fillis, 2001; McDougall and Oviatt, 1996), the U.S. process models, with its research based on small and medium sized firms (Leonidou and Katsikeas, 1996), offers a new understanding about the internationalization of firms. However, the opinion regarding applicability of the traditional process models when examining internationalization among small and medium sized firms differs among scholars (Coviello and McAuley, 1999). Gankema et al. (2000) found that the stage model developed by Cavusgil (1980), was credible in their study on small and medium sized firms while other researchers (Bell, 1995; Oviatt and McDougall 1994; Andersson et al., 2006), found the process models to be insufficient when examining SMEs. The traditional process models have been important tools in the explanation of why and how firms, both large as well as small and medium sized firms, undergo internationalization. However, questions have emerged among scholars regarding to what extent these process models can be applicable and explain the actions among firm’s internationalization in the new international business setting in emerging markets (Meyer and Gelbuda, 2006).
2.3.2 Network approach to internationalization

Another theory that have been applied to explain the internationalization of firms are the network theory. Network theorists, unlike process model theorists, argues that firms, often high-technology firms, internationalize in a rapid way, using their network partners rather than following the incremental process explained in the process model (Mitgwe, 2006). Furthermore, Mitgwe (2006) states that networking is considered a tool which firms may use as a bridging mechanism when internationalizing, by establishing relationships with customers, suppliers and other important market related actors, based on mutual trust and commitment to each other firms increase the likelihood of a successful internationalization. According to network theory, the relationships of the firm is considered being of great importance when studying the internationalization process. The theory explains internationalization as a process of initiating, developing and sustaining international relationships through which the firm can position itself in a new market (Johanson and Mattsson, 1988). According to Chetty and Blankenburg Holm, 2000, p79), network is defined as “a set of two or more connected business relationships, in which each exchange relation is between business firms that are conceptualized as collective actors”. Coviello and McAuley (1999) argues that the networks of a firm determines their capability to internationalize and to what extent of that. Johanson and Mattsson (1988) stresses the importance of networks when firms internationalize, and argues that the relationships with customers, suppliers and other business partners may be critical when expanding abroad. In other words, by being exposed to a larger number and variety of knowledge sources, the firm will achieve a greater level of knowledge than if only relying on its own internal capabilities (Osland and Yaprak, 1995; Inkpen, 1996). According to Johanson and Mattsson (1988), the internationalization process starts when the firm develops a relationship with an actor already active in a foreign market network. There are several different ways that the relationship may be initiated. The relationship may be established by several different ways, either through active networking, where the firm expanding into the market takes the initiative, or through passive networking, where the firm already active on the foreign market takes the initiative (Johanson and Mattsson, 1988).

When the different parts in the network acknowledges the mutual benefits of the relationship, they will be encouraged to continue to develop and maintain that relationship which will
generate further market knowledge, resources and capabilities which will facilitate the internationalization process of the firm (Johanson and Mattsson, 1988; Chetty and Blankenburg Holm, 2000; Johanson and Vahlne, 1990). When Johanson and Mattson (1988) studied the internationalization among firms, they found four distinct categories of firms, the early starter, the lonely international, the late starter and the international among others. The first of the four type of firms, the early starter, has a limited amount of relationships in the foreign market as well as a small share of knowledge regarding the market. The early starter tends to use agents when expanding abroad, by using agents, the firm will acquire knowledge necessary to its internationalization. The second category of firms identified by Johanson and Mattson (1988), is the lonely international. The lonely international is a firm that is characterized by being highly internationalized while its market is not, these kinds of firms often possess a large share of knowledge and experience regarding its international activities. Firms known as late starters are firms that are active on internationalized markets, they internationalize by using their indirect relationships in the network. The late starters possess less knowledge regarding the market than its competition and they often experience difficulties linked to positioning themselves in a network. The fourth, and last category of firms identified by Johanson and Mattsson (1988) is the international among others. Firms within this category are considered highly internationalized acting on highly internationalized markets. They have acquired knowledge and experience of their markets, are well positioned in their networks and actively seeks new international opportunities.

According to Johanson and Mattsson (1993), the network theory acknowledges the importance of studying the development process of internationalization rather than focusing on the existence of the international firm. Even though the theory has received critique from scholars for being too descriptive and holistic as well as being focused on large firms, often in the manufacturing sector, thus lacking attention on the influence of the decision-maker and overseeing different firm characteristics (Björkman and Forsgren, 2000; Chetty and Blankenburg Holm, 2000), some researcher have found the theory applicable to small firms as well. Thus, the network theory has shown to be useful when studying how SMEs expand internationally (Coviello and Munro, 1997; Chetty and Blankenburg Holm, 2000), especially since the firm’s network relationships can be used to subdue specific size-related barriers that restrict their growth (Coviello and McAuley, 1999; Coviello and Munro, 1997). Furthermore, the network theory has emerged as a frequently used framework when studying firms in the context of emerging markets, where the network relationships have shown to be of
importance for MNCs (Meyer and Skak, 2002), despite being originally developed and used for mature markets (Johansson and Kao, 2010). Using its network relationships, the firm may use the information flow within the network to catalyse their internationalization and seize opportunities emerging from within the network (Chetty and Agndal, 2007; Meyer and Skak, 2002).

2.3.3 Entrepreneurial approach to internationalization

As the international business environment started to change rapidly during the 1980s and 1990s, due to the reduced investment and trade barriers around the world, researchers found that a new type of firm emerged in the international business field. These new observed firms, often smaller in size than the typical internationalized firms described in the literature, were found to be internationalizing in a more intentional and rapid way than researchers had previously observed. This new phenomenon, spurred researchers to develop new theories derived from this new behaviour of firms when internationalizing (Oviatt and McDougall, 1994; Bell et al., 2003). These firms, which were considered bold and ground-breaking in nature, were named born globals, global start-ups or international new ventures (Knight and Cavusgil, 1996; Oviatt and McDougall, 1994, McDougall and Oviatt, 1996). The theory, in which these new kinds of firms were observed would be known as international entrepreneurship among scholars (Oviatt and McDougall, 2005). According to Oviatt and McDougall (2005, p540), international entrepreneurship is defined as” the discovery, enactment, evaluation, and exploitation of opportunities – across national borders – to create future goods and services”. Furthermore, researchers have found entrepreneurial firms to be successful in adapting to changes in the business environment and they are more prone to seek out and exploit emerging opportunities overseas (Autio, 2005). The firms found in the international entrepreneurship literature, characterized by their constant strive and pursuit of opportunities on foreign markets, have led to the notion that entrepreneurial firms have a willingness to undertake a large degree of risk (Oviatt and McDougall, 1994).

Firms that internationalize from their inception or at a later state, are often referred to as entrepreneurial by nature, often due to their organizational characteristics (Fletcher, 2006). By its nature, SMEs are less exposed to bureaucracy, more flexible and often have smaller information systems than larger firms (Liesch and Knight, 1999; Knight and Cavusgil, 2004), furthermore, studies have shown that they often engage in niche industries where the firms are
forced to innovate to gain competitive advantages over their competition (Hutchinson et al., 2006). The entrepreneur is considered being the predominant driver of internationalization of the firm (McDougall and Oviatt, 2000), hence, the individual entrepreneur is the subject of research within the literature, specifically regarding born globals, where the management tend to view the world as a borderless marketplace (Knight and Cavusgil, 1996; Andersson and Wictor, 2003). Through focusing on the influence of the entrepreneur being the main driver of internationalization (Andersson and Wictor, 2003), the international entrepreneurship literature brings a deeper understanding on why firms internationalize from their inception (Knight and Cavusgil, 1996). The international entrepreneurship theory has been criticized for being too comprehensive and sometimes lacking rationality (Mtigwe, 2006), as well as being too focused on new firms, thus neglecting older already established firms and their potential innovations (McDougall and Oviatt, 2000).

2.4 Conceptual framework

This chapter have presented and reviewed literature within the field of internationalization to identify and acknowledge the characteristics related to the chosen topic of the paper. Furthermore, in the theoretical framework part, the author presented three theories within the frames of this paper’s research area, which embrace the findings from the literature review part, related to the studied phenomenon in this study. The findings state the importance of knowledge regarding foreign markets, how relations and networks plays a big part in the internationalization process of a firm when internationalizing, the entrepreneurial aspects of a firm when expanding abroad, are considered applicable when analysing the topic of this paper. Thus, this study will use these three theories as the conceptual platform, when studying the characteristics of Swedish healthcare and care companies as they venture into foreign markets. All the three theories are interrelated to each other and they all acknowledges the importance of market knowledge and its role for firm’s internationalization.

According to the literature on internationalization of firms, the amount of knowledge and experience play a big role, when firms decide how much of a commitment they are willing to engage in. The process model explains how firms gather market knowledge throughout its activities and with the growth of knowledge and experience, the firm will increase its commitments in the market along the way. Furthermore, the network approach to
internationalization states that firms gain their market knowledge through its relationships within the network which dictates how the internationalization process should take shape and what level of commitment best suits the firm. According to international entrepreneurship theorists, the firm gather its market knowledge through their entrepreneurial practice, by their opportunity seeking nature which characterize this kind of firm. The process model, with its emphasize on firm size, knowledge and experience as main drivers behind firm’s internationalization process will be used alongside the network theory which describes how important the relationships within the network are to firm’s international activities. Furthermore, by incorporating the international entrepreneurship view, the framework will be able to include the opportunity seeking approach among firms, found in the entrepreneurial perspective. Also, the entrepreneurial perspective, like the network approach, considers the network being of great importance when firms internationalize. When studying international activities of firms, the process model has a somewhat static approach to the foreign market entry, thus, the network model complements it well by offering a more dynamic view through its relational lens. Both the network approach as well as the international entrepreneurship approach, are considered being useful when studying the internationalization process of healthcare and care firms, and since healthcare and care companies are service oriented firms, where relationships and networks throughout the organizational activities are considered being of great importance, the network theory will be able to show us how healthcare and care companies use their relational resources when expanding abroad. The author acknowledges that it is important to identify the entrepreneurial aspects related to the international activities of healthcare and care companies, thus, the literature on the proactive behaviour presented in the entrepreneurial literature will be useful to fully understand the mechanisms behind the internationalization of the studied phenomenon.
A conceptual model has been designed where drivers and barriers of internationalization has been identified in the different theories. The conceptual model incorporates the aspect of market knowledge (Johanson and Vahlne, 1977) as a driver for internationalization, derived from the process theory, network theory as well as the entrepreneurial theory. In other words, all the three theories incorporated in the conceptual framework acknowledges market knowledge as an important driver for internationalization. In the process model (Figure 1), market knowledge is placed under the process theory, however, market knowledge is considered a driver for internationalization in all three theories. The reason why market knowledge is placed under the process theory in the process model (Figure 1), is because the author considers market knowledge as a driver for internationalization to be most significantly
related to the process theory. However, as stated, market knowledge is considered a driver for internationalization in all three theories incorporated in the conceptual model (Figure 1). Furthermore, the process theory contributes through the incorporation of psychic distance (Johanson and Wiedersheim-Paul, 1975) as a driver for internationalization in the conceptual model, since it is found in the process theory literature that firms tend to internationalize to markets with short psychic distance, i.e. markets that share similarities with the home country market. The conceptual model incorporates the cultural environment as a barrier of internationalization, found in the process theory literature (Johanson and Wiedersheim-Paul, 1975). The cultural environment has shown to be restraining factor when firms have expanded their operations to foreign markets. Furthermore, the conceptual model includes regulatory environment as a barrier to internationalization. The regulatory environment can be argued being a factor found in the psychic distance concept found in the process theory literature (Johanson and Wiedersheim-Paul, 1975). The network theory contributes to the model by integrating networks as a driver for internationalization (Mitgwe, 2006; Johanson and Mattsson, 1988; Chetty and Blankenburg Holm, 2000), since this have been found to be an important tool used by firms when internationalizing. The network aspects also derive from the entrepreneurial theory, since entrepreneurial theory considers networks being of great importance when internationalizing. The conceptual model also incorporates the network aspect as a barrier to internationalization, since it could become a barrier if the firms cannot obtain the needed relationships when internationalizing.

Furthermore, the conceptual model incorporates the entrepreneurial activities as a driver for internationalization from the entrepreneurship theory (Autio, 2005; Oviatt and McDougall, 1994). The conceptual model includes “entrepreneurial activities while learning” as a barrier derived from the entrepreneurship theory. The term “entrepreneurial activities while learning” refers to the problematic relationship between the entrepreneurial activities that the firms engage in and the importance of learning from the activities. If the companies neglect the importance of knowledge integration, while performing their entrepreneurial activities, this might hinder further internationalization. Furthermore, the conceptual model will be the framework which the empirical findings will be tested against in the analysis chapter.

In conclusion, by studying the internationalization process of Swedish healthcare and care companies through these three theoretical concepts, the process model, the network model, and the entrepreneurial approach, integrated in the conceptual model, the author hopes to
contribute to a deeper understanding regarding what factors that affect the internationalization process of Swedish healthcare and care firms, with particular emphasis on drivers and barriers.
3. Methodology

This chapter will outline the methodology used in the research and further explain the rationale behind the methods used. The aim of the chapter is to provide the reader with an understanding of the research design used in this study.

3.1 Research Approach

The purpose of this study is to investigate and research the factors that affect the internationalization process among Swedish healthcare and care firms, namely what drivers and barriers can be identified related to their internationalization process. Therefore, the study adopts an exploratory approach. The exploratory research design is used when researching a specific phenomenon to provide knowledge and direction for further research (Collis and Hussey, 2009), which this thesis will do by its contribution to the internationalization theory. Furthermore, as shown in the literature review, prior literature on the internationalization process of firms and the drivers and barriers related to the internationalization process of the firms has mainly focused on larger companies, often in the manufacturing sector, thus, there is an lack of research on service firms, especially service firms operating in a highly regulated sector, therefore, this study is set out to investigate and clarify what drivers and barriers of internationalization can be related to service firms’ internationalization process when operating in a highly regulated environment, such as the healthcare and care sector. Moreover, according to Ghauri and Gronhaug (2005), a qualitative research method is favoured when studying a phenomenon where there is a lack of previous research. According to Bryman and Bell (2011), the objective of the qualitative research is to investigate and explain the complexity of a phenomenon. Furthermore, the qualitative research is used to research and bring understanding of a specific phenomenon in a specific context, while the quantitative research seeks to accumulate and measure different kinds of data using statistical methods (Bryman and Bell, 2011; Collis and Hussey, 2009). Moreover, according to Yin (2003), case studies are considered being the most suitable approach when the study aims to answers questions of “how” or “why”, when the focus of the study is on a current phenomenon in a real-life context. By using case studies, the researcher can gain insight and understanding of a specific phenomenon in a specific context through an in-depth analysis.
(Yin, 2003). To investigate and research what drivers and barriers healthcare and care firms face when internationalizing, this study has selected three companies to focus on, to obtain an in-depth understanding of the studied phenomenon, the drivers and barriers related to the internationalization process of service firms operating in a highly-regulated environment. Furthermore, this study will use a research approach that can be considered an abductive research approach. An abductive research approach is considered being a mix of both a deductive approach and an inductive approach, in other words, the abductive approach is somewhere in between the deductive and inductive approach. According to Saunders et al (2009), the deductive approach emphasizes the development and construction of a theoretical or conceptual framework which is tested through the empirical data while the inductive approach emphasizes the development and construction of a theoretical or conceptual framework based on the empirical data. It is common for researchers to use a combination of the deductive and the inductive research approach, the abductive research approach (Bryman and Bell, 2011). As previously stated, this study uses an abductive research approach, where aspect from both the deductive approach as well as the inductive approach can be identified. In the literature review, previous literature on factors related to the internationalization process of service firms was identified to test these aspects on the empirical data, this is in accordance with the deductive approach. During the study however, the literature review was progressively adapted and refined to enhance the connection between the empirical findings and the literature, and some literature needed to be added, in line with the inductive approach.

### 3.2 Research design

As previously mentioned, the study to investigate and research the factors that affect the internationalization process among Swedish healthcare and care firms, therefore the study will take the shape of a multiple-case study. The companies that has been selected to be analysed are Swedish firms operating in the healthcare and care sector in the Nordic countries. The reason why the study has chosen to focus on firms in the healthcare and care sector, is because of the apparent lack of research of firms operating in a highly-regulated environment such as the healthcare and care sector. Furthermore, the study focuses on Swedish healthcare and care firms since the author is Swedish himself and finds the internationalization process of Swedish healthcare and care firms to be an interesting subject of study. Moreover, to accomplish the objective of this study, to explain the drivers and barriers of internationalizing
service firms operating in the healthcare and care sector, the companies have been purposefully selected. According to Bryman and Bell (2011), this is known as purposive sampling, where the researcher relies on his or her own judgement when selecting the sample used in the study. The companies that have been selected in this study are considered relevant to the objective of the study. Furthermore, all three companies were contacted through email, none of the companies were contacted through the author’s personal network.

<table>
<thead>
<tr>
<th>Company</th>
<th>Manager</th>
<th>Area of Responsibilities</th>
<th>Location</th>
<th>Interview Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attendo</td>
<td>Andreas Koch</td>
<td>Director of Communications</td>
<td>Stockholm</td>
<td>Telephone</td>
</tr>
<tr>
<td>Alena</td>
<td>Rick Stange</td>
<td>Head of Mergers and Acquisitions</td>
<td>Oslo</td>
<td>Telephone</td>
</tr>
<tr>
<td>Amleo</td>
<td>Fredrik Gren</td>
<td>Chief Executive Officer</td>
<td>Stockholm</td>
<td>Telephone</td>
</tr>
</tbody>
</table>

*Table 1: List of interviewees and their responsibilities compiled by the Author*

### 3.3 Data collection

According to Saunders et al (2009), data can be collected in two different ways, namely, through primary data collection and secondary data collection. Primary data collection refers to data collected from the original source, while secondary data refers to data being collected for other purposes and possibly published elsewhere, but made use of in the current research. The primary data collected in this study have been through interviews over the phone, while the secondary data have been collected from the company’s web page, annual reports as well as Stockholm Chamber of Commerce’s web page. The secondary data are used to explain the company’s background and international activities as well as explain the different characteristics of the Swedish healthcare and care exports. Furthermore, the secondary data collected from the company’s web page was used to boost the author’s knowledge regarding the selected companies before the interviews were to be conducted.

#### 3.3.1 Primary data collection

The interviews were constructed in a semi-structured fashion, so the interviewees would be able to elaborate in a free manner without too much intervention from the author. According to Bryman and Bell (2011), semi-structured interviews provide a high degree of flexibility while at the same time offer sufficient structure for multiple-case comparison. When
conducting a semi-structured interview, the interviewer use a guideline with the specific topics that the interview will focus upon. The interviewer may at any time, move away from the guideline, and ask other questions that may come up as the interview progresses. As semi-structured interviews are suitable for case study methodology (Robson, 2002), it was used as method when the interviews were conducted with the three companies, to develop an understanding of the logic and reasoning of the managers regarding their company and its international activities. It is important that the interviewees don’t get influenced by the interviewer, this is however a possibility when conducting interviews. Therefore, to minimize the possibility of the interviewer influencing the interviewee, it is important that the interviewer acknowledges their presence and influence on the interview by not asking any leading questions. Furthermore, it is important that the interviewer not only focus on the factors that are in line with the chosen framework of the study, but also acknowledges the factors that would have a negative impact on the result as well (Bryman and Bell, 2011).

3.3.1.1 Interview approach

The interviews in the study was conducted with employees of the companies that the companies themselves selected, therefore it was guaranteed that the interviews were conducted with managers with sufficient knowledge in research. The employees which were interviewed in the study held different positions in the different cases. In other words, in the first interview, the head of M&As at the company was interviewed, in the second interview, the head of communications at the company was interviewed and in the interview with the third company, the Chief Executive Officer (CEO) was interviewed. All the interviews were conducted over the phone, where the interviewees were situated in their office in Stockholm in two of the cases, while one interview was conducted while the interviewee travelled from Oslo to Gothenburg by train. Furthermore, guidelines and questions was prepared before the interviews were conducted, which is found in the appendix. All the interviewees were informed of the subject of the interview, and in two of the cases, the interview questions were shared with the interviewees upon their request. If the interview questions are shared with the interviewee before the interview, there is a possibility that the interviewees may fabricate their answers in beforehand. However, if the interview questions are not shared with the interviewee before the interview, there is a possibility that the interviewee may not be prepared enough to give elaborate answers. It was not planned that the interview questions
should be shared with the interviewees before the interview, so the interviewees would be able to fabricate their answers, however, since the request was made from the interviewees in two of the cases, they received the interview questions. Furthermore, the questions were asked in an open-ended manner, which allowed follow up questions to be asked. Moreover, the open-ended questions were asked so that the interviewee felt in control which would yield more elaborate answers. However, the open-ended questions can result in the conversation steering beyond the prepared outline according to Saunders et al (2009).

3.3.1.2 Recording of the interview

The interviews conducted in this study were recorded with the use of an app designed for smartphones called Smart Recorder. The app allows recordings of telephone calls to be made. Furthermore, all the interviewees agreed to be recorded, as it would be easier for the interviewer to transcribe the interviews later in the writing process. The respondents were asked if they wanted anonymity, however, none of them would. Sometimes, respondents want anonymity, it might make them feel more comfortable answering the questions, they might feel more comfortable to elaborate on the answers as well as being more detailed and truthful.

3.4 Data analysis

The data was analysed using a non-quantifying method, which often is used in qualitative studies according to Saunders et al (2009). Moreover, the data was reduced to be sorted into categories such as background, international activities, drivers and barriers. Furthermore, the categories used in the study was based on the literature review and the conceptual framework. During the writing process of the analysis part, the literature review was somewhat changed as empirical findings emerged that needed to be explained in the literature review. The analysis chapter begins with a presentation of the drivers and barriers of internationalization identified in the three companies matched with the theories. Thereafter, the findings from each case in relation to each theoretical perspective are presented in a table.
3.5 Qualitative assessment

The objective of this study, to research what drivers and barriers Swedish healthcare and care sector face when internationalizing, is somewhat different from a study aimed to test a hypothesis, since this study investigates the relevance of existing theories in a relatively new context. Furthermore, the study’s trustworthiness depends on the observers’ critical awareness of both their presence during the interviews as well as the triangulation of the findings of the study. It is common for researchers to refer to validity and reliability when discussing the quality of the research, however, when conducting qualitative research, it is more suitable to use the term trustworthiness (Shenton, 2004), since the criteria of validity and reliability do not acknowledge the fact that there are no absolute truths in the social environment, there could be multiple answers to the same phenomenon (Guba and Lincoln, 1994). The term trustworthiness refers to the determination of whether the research has been conducted in line with the standards of good practices and that the research has understood the reality in an accurate way. To improve trustworthiness, this study has selected respondents with knowledge and insight in the investigated phenomenon. Furthermore, the study has aimed to collect as much data as needed to get a detailed and rigorous picture of what drivers and barriers Swedish healthcare and care sector face when internationalizing. There are only one respondents in each case, this is a factor which can be argued to undermine the validity in the paper, however, due to lack of time of the managers, it was not possible to get further respondents. According to Bryman and Bell (2011), the use of triangulation is important to increase the trustworthiness of the study. According to Bryman (2008, pg. 700), triangulation is described as “the use of more than one method or source of data in the study of a phenomenon so that findings may be cross-checked”. Furthermore, to further improve trustworthiness the findings have been cross triangulated between the different cases. Moreover, by letting a third party observe and give critical feedback and critique throughout the process, the study’s internal validation (Bryman and Bell, 2011) has been secured.
4. Empirical data

In this chapter, the empirical findings are presented. The chapter begins with a subchapter on the Swedish healthcare and care exports followed by the findings from each of the three cases studied in this thesis.

4.1 Swedish healthcare and care exports

The export of Swedish healthcare and care has grown steady in recent years (Stockholm Chamber of Commerce, 2015). Furthermore, every year, Sweden welcomes delegations from around the world, interested in learning more about the Swedish model. This has resulted in many countries using the Swedish concept of healthcare and care when building and designing their care system. Furthermore, there is a market in Sweden for health tourism, where people travel to Sweden to receive care, this is especially common in the specialist care segment of the sector (Stockholm Chamber of Commerce, 2015).

The interest and demand for Swedish care has spurred healthcare and care companies to expand abroad into new foreign markets where opportunities have been located. Hence, there has been an increase in the outward foreign direct investment (OFDI) within the Swedish healthcare and care sector in recent years. Furthermore, during the years of 2007 and 2011, the export of Swedish healthcare and care grew by 1,5 per cent annually, which is considered a relatively weak growth compared to many other European countries (Stockholm Chamber of Commerce, 2015). Many European countries experienced an annual growth of at least 10 per cent, and in the case of Croatia and Estonia, the growth was as high as 25 per cent. As of 2012, the export of Swedish healthcare and care amounted to SEK 800 million, which represents 0,22 per cent of the total Swedish healthcare and care expenses (Stockholm Chamber of Commerce, 2015).

Many countries have opened and become friendlier towards private actors in this sector that has been predominantly driven by public providers (Smith, 2004). However, the healthcare and care systems are built in different ways in different countries. Therefore, it is important to acknowledge how a country’s healthcare and care systems are set up, how big of a commercial sector there is, how much of the funding and delivery of the care that is being covered by the public and how much the private actors are supposed to be covering for. These
are important factors that healthcare and care companies need to address to estimate the potential market size of the foreign market (Smith, 2004). Even though the export of Swedish healthcare and care has increased in recent years, it still represents a small share in the total exports, compared to other industries. The healthcare and care sector are often among the most regulated sectors of a country, where a large amount of regulations is found about how the care should be implemented, what standards the actor must comply with, how the facilities should be designed and equipped, what accreditations is needed and regulations on the procurements regarding the care. It is country specific knowledge like this that is important for companies to obtain when internationalizing to a foreign market (Pål Stange, 2017; Andreas Koch, 2017). Hence, many healthcare and care companies internationalize through acquisition when entering a new market, where they acquire a platform where all the needed knowledge already exists.

4.2 Attendo

4.2.1 General information

Attendo is the largest actor in the healthcare and care sector in the Nordic countries, it is based in Sweden and has 20000 employees throughout their organization (Andreas Koch, 2017). The company is active on the Swedish, Finnish, Danish and Norwegian market and offers services in healthcare, elderly care, individual and family care, disability care as well as staffing (Attendo, 2017a). Sweden is Attendo’s main market and Finland is their second largest market, a market that has shown great growth in recent years (Andreas Koch, 2017). The company’s main business area is the care sector, however, in Finland, the company offer services in healthcare, specialist and dental care as well. Furthermore, Attendo’s staffing service is in Finland, where they provide medical personnel like doctors, specialist doctors, dentists and nurses (Attendo, 2017a). Their activities are driven by 500 units and the client is for the most part the municipalities (Andreas Koch, 2017). The company activities are divided into three separate contract models: own housing, which means that Attendo plans, builds, supplies and staffs their own housings in which they provide care places for the municipalities; contract, this contract model means that Attendo runs the operation on behalf of the client, the employees are employed by Attendo while the client, which usually is the municipality, is responsible for the premises; the third and last of the contract models used by
Attendo is staffing, where they offer medical personnel for short and long-term assignments (Attendo, 2017a).

### 4.2.2 International activities

Attendo was founded in 1985 as Svensk Hemservice AB, at a time when nearly all the healthcare and care was provided by the public monopoly (Attendo, 2017b). The company got their first contract in 1988, which meant that they would be responsible for home care in Stocksund, located in Stockholm (Attendo, 2017b). In the year of 1994, Partena Care acquired Svensk Hemservice AB and in the following years they expanded to Denmark as a result of winning a contract in Denmark. Partena Care changed its name to Attendo in 2001, and in 2004 they acquired Capio Omsorg, which had operations in Norway (Attendo, 2017b). The merger with MedOne, a company with business activities in Finland, in 2007, meant that Attendo became a Nordic healthcare and care company (Attendo, 2017b). Furthermore, in 2015, the company was made public on the Stockholm Stock exchange. Moreover, the Finnish market has the highest share of private actors in their healthcare and care sector while Norway has the lowest, both Sweden and Denmark has a lower share of private healthcare and care companies in their respective markets (Attendo, 2017b).

Attendo is actively pursuing opportunities in European markets outside of the Nordic countries, however, their main markets are Sweden and Finland. If they would find a market suitable for expansion, they would acquire an actor already active on the foreign market. Thus, they would gain the necessary relationships with authorities, counties, municipalities as well as country specific knowledge, crucial for a successful expansion. (Andreas Koch, 2017).

### 4.2.3 Drivers for internationalization

According to Andreas Koch, Attendo has gone through various stages during the years, and by mergers and acquisitions, they have expanded into all the Nordic markets, becoming the leading Nordic healthcare and care company. When Attendo began operating in Sweden, they quickly realised that all the Nordic markets were similar and that they could use their competencies and understanding of care as a concept which could be exported to other markets outside of their own. As Andreas Koch stated (2017):
“when you are working with healthcare and care in Sweden, you realise that there are similarities with other Nordic countries, so we realised that there was a large growth capacity, both the way we work towards our users and end customers, as well as the clients, the municipalities, are very similar among the Nordic countries”.

In other words, according to Andreas Koch (2017) the healthcare and care systems in the Nordic countries are constructed in the same manner so by operating on the Swedish market, Attendo gained knowledge and experience that would be useful when expanding into new markets later. Furthermore, Andreas Koch (2017) states that:

“the competencies and understanding of care, can be spread to other markets, and even if Sweden is a big market, we could increase our market share if we expand into foreign markets”.

According to Andreas Koch (2017), it was important for Attendo to increase their market share to remain as a leading provider of healthcare and care in the Nordic region. Furthermore, the procedures of getting contracts as well as building their own housing are very similar among the Nordic countries which increased their success rate when they decided to expand into the neighbouring countries (Andreas Koch, 2017). Another factor that played a part in their decision to internationalize was the cultural and social environment among the Nordic countries being close to identical (Andreas Koch, 2017).

Andreas Koch (2017) states that the Nordic countries are very similar both culturally and socially and the healthcare and care systems are designed in a similar way. Furthermore, according to Andreas Koch (2017), the Nordic healthcare and care sectors are built differently than the rest of the European countries, he states that:

“If we look at Europe there are many similarities between the Nordic countries, the state and the municipalities play a large part in the welfare service system, while there are more common for private actors to be involved in the welfare service system in other European countries”.

Andreas Koch (2017) further states that the need for care among the elderly is similar in most countries, and that is why the care receivers, i.e. the customers, pretty much have the same
needs regardless of their origin. According to Andreas Koch (2017) Attendo have identified the needs and have been able to build an effective care model, so they can offer effective care at the highest quality but to a low price. Furthermore, according to Andreas Koch (2017), they have been able to implement this quality system to all our operations in the Nordic countries. Since, what is considered being high quality care for an elderly in Sweden, is also considered being high quality care in Finland, Denmark and Norway (Andreas Koch, 2017). According to Andreas Koch (2017), the similarities between the Nordic markets culturally, socially as well as similarities regarding the need of the customers, made the Nordic markets the most suitable target markets for their internationalization. Furthermore, according to Andreas Koch, an expansion to the Nordic markets would be considered less risky than in the case of a country with major differences. Andreas Koch at Attendo concludes:

“even if we started our expansion within the Nordic countries, we have an ambition to expand into other European countries as well. But the reason why we have expanded into the Nordic countries as of now, is because of the many similarities”.

In other words, the similarities between the Nordic countries were an important driver for internationalization in the case of Attendo according to Andreas Koch (2017).

4.2.4 Barriers to internationalization

According to Andreas Koch at Attendo, the market conditions in the Nordic countries are somewhat different from each other regarding some of the regulation. It is harder to operate as a healthcare or care actor in some markets than in others. He states that “both Denmark and Norway have been challenging and are challenging, because the general conditions are harder than in Sweden and Finland”. Andreas Koch at Attendo further states that “in Norway for example, when the municipalities are responsible for the care, the services get subsidized by the government, which makes it very hard for the private actors to compete on those terms, and there are very few contracts that are open for bid as well”. Therefore, it is very hard for Attendo to build their own facilities and compete with the public healthcare and care establishment, and it is also hard to get hold of contracts where they can run and manage the municipalities’ facilities, there are less room for private actors in these markets (Andreas Koch, 2017). Andreas Koch states:
“We are thinking long term, so we are present in Norway, we have some contracts, but the progress is going slow. We are sure that Norway will become an interesting market, however we are not sure when this will happen. So, we see it as a long-term option”.

In other words, even if they have experienced barriers in the Norwegian market, they think that the Norwegian market will become an more interesting market in the future according to Andreas Koch (2017). Furthermore, according to Andreas Koch (2017), there is differences regarding the tender process, in Sweden it is very open, when you make an offer for a contract and you win the contract, everyone can see how much you paid for it. However, in Norway and Denmark, there is another form of secrecy, so you cannot see how much the tender was worth. According to Andreas Koch (2017), the internationalization process regarding the Nordic countries have been smooth overall, this is mostly due to the healthcare and care systems in the respective countries being close to identical. Also, as earlier stated by Andreas Koch (2017), the countries are very similar when it comes to other factors such as language, culture and they have the same understanding of care and how it should be implemented. Furthermore, the need for care among the elderly population is similar in most of the countries in the world. Therefore, Attendo’s customers, the care receivers, have the same needs regardless of their origin, which has made it easy for the company to apply the same model when expanding into a new market, especially when the healthcare and social systems are structured in the same way as each other, as in the case of the Nordic countries. According to Andreas Koch (2017), Attendo would face more challenges when internationalizing to a country outside of the Nordic countries, where there would be less similarities regarding the structure of the healthcare and care system, the regulatory environment, language, social structure, compared to the Nordic countries. According to Andreas Koch (2017), Attendo is focusing on the Swedish and Finnish market as of today, but they are looking for further opportunities among other European markets. “Our focus are the Swedish and Finnish markets, but we are actively pursuing opportunities on other European markets as well, however if we choses to expand into a European market outside of the Nordic countries, then we will expand through acquisition, so yes, we are looking for opportunities outside of the Nordic countries, but we haven’t acquired anything at this point” (Andreas Koch, 2017).

According to Andreas Koch (2017) the healthcare and care systems in many of the European countries are different from the Nordic markets, and there could be social and cultural
differences which may present further challenges when expanding to markets outside of the Nordic region. The payment model is different in a lot of European markets compared to the Nordic countries, there is a larger share of the payment that must be paid by the care receiver (Andreas Koch, 2017). Andreas Koch (2017) states that:

“every country is different when it comes to authority relations, relationships with counties, that may be different from our current markets. That is why we have decided to not build our own facility, but rather acquire an established actor, because we would need the relationships with the government, authorities and counties. We would need local knowledge, this we already have in the Nordic countries at this point but if we would expand, we would need to acquire knowledge regarding the new market, this would be easier to get if we acquired an actor on the foreign market”.

According to Andreas Koch (2017), local market knowledge as well as local relationships are very important for Attendo regarding their internationalization process, and there could become potential barriers related to these aspects. Andreas Koch (2017) further states “So even if we focus on our Nordic markets, we are looking for new opportunities, and we feel that our work model would be applicable in European countries as well”. In conclusion, according to Andreas Koch (2017), Attendo is looking for potential opportunities in markets outside of the Nordic countries, however, their focus remains on the Swedish and Finnish market. When an expansion outside of the Nordic countries becomes reality, it is, according to Andreas Koch (2017), important that Attendo obtains the needed information about the different characteristics of the market. To obtain the needed knowledge about the target market, Attendo would expand through acquisition and thereby guarantee that they will acquire local knowledge and relationships crucial for a successful expansion (Andreas Koch, 2017).
4.3 Aleris

4.3.1 General information

Aleris is a multinational corporation with 9000 employees that was started in the year of 2005 in Stockholm, Sweden (Pål Stange, 2017). The company operates in the healthcare and care sector and works on behalf of municipalities, counties, insurance companies and individuals in Sweden, Norway and Denmark (Aleris, 2017). Aleris offers services such as healthcare, medical diagnostics, elderly care as well as mental health care. Furthermore, Aleris is one of the largest private actors in the healthcare sector in Sweden, and offers primary care, specialist care, diagnostics and rehabilitation (Aleris, 2014a). They also operate a medically laboratory operation and are considered being of the largest radiology producers in all of Scandinavia (Aleris, 2017a). In Norway, Aleris is the largest private actor in the healthcare sector with hospitals and medical centres all the Norwegian health regions (Pål Stange, 2017). They operate the only private cancer centre in Norway offering both investigation and treatment for cancer, which is located at the Oslo hospital. Furthermore, the company is the largest private provider of healthcare in Denmark and the only business chain offering their services in all of Denmark. Their elderly care services are found in all the three countries, Sweden, Norway and Denmark. Aleris operates mental health care in Sweden and Norway, both for adults as well as minors (Aleris, 2014a).

4.3.2 International activities

Aleris was founded in 2005 as a result of the merger between CarePartner and ISS Health Care (Aleris, 2014b). The company was owned by EQT at the time and had operations in Sweden, Norway and Denmark. Soon after the company was founded, Aleris bought the Norwegian company Ungplan to further expand their operations in Norway (Aleris, 2014b). In the following years, Aleris continues to acquire new companies, they bought Omnia and Axess which were two Norwegian healthcare companies, as well as Medilab clinical laboratory and Nackageriatriken in Sweden which expands their operations in the healthcare and care sector in Sweden (Aleris, 2014b). By acquiring the Norwegian company BOI in the year of 2007, Aleris took the first step into being a provider of mental health care in Norway (Aleris, 2014b). In 2008, the company acquired Danske Privathospitaler, which consisted of five hospitals located in Denmark. By acquiring Danske Privathospitaler, Aleris now operated
hospitals and medical units in all the Scandinavian countries. In 2009, Aleris builds their first wholly owned facility located outside of Stockholm, the same year, the company takes its first step into the Swedish primary care (Aleris, 2014b).

The following year, Investor acquires Aleris from EQT and became the new owner of the growing healthcare and care company. When Aleris takes over the running of Bollnäs hospital in 2012, it becomes their first accident and emergency hospital, they also acquire their second elderly care unit in the same year. In recent years, Aleris has continued to grow and have acquired companies that fit their strategic profile (Pål Stange, 2017). Aleris are looking for opportunities outside of their current markets, as of now, they are working on an expansion to Finland (Pål Stange, 2017). Furthermore, if the right opportunity presents itself, an expansion to a European country outside of the Nordic countries would be possible.

4.3.3 Drivers for internationalization

According to Pål Stange at Aleris, one of the main drivers for Aleris internationalization was due to synergies, CarePartner and ISS Health Care realized that they could benefit from merging together into one single company. Pål Stange (2017), states that:

“You can achieve benefits by being a larger actor with operations in more countries. There are a lot of benefits by being a large actor since many of our customers are large organizations such as county's, regions or insurance companies”.

According to Pål Stange, by merging together, it would create synergies which would strengthen Aleris position as a competitive actor in the healthcare and care sector in the Nordic region. According to Pål Stange (2017), it has been important for Aleris to be a large actor since many of their customers are large organizations with international activities in many countries. Pål Stange (2017) states that:

“the insurance companies are growing and becoming MNCs so it might be possible to have a contract with them where they accept to have one supplier in multiple countries. So, I think that it would be a good idea for a company to have operations in multiple countries, the same
goes for the care activities, even though the synergies is smaller, less equipment, more staff, more local production, more local contact with counties and other care customers”.

According to Pål Stange, to achieve such a contract, the company needs to be present on those markets, this requires the company to internationalize.

Furthermore, by internationalizing to foreign markets and expanding internationally, Aleris knew that they would be able to gain knowledge that can be shared through their organization (Pål Stange, 2017). According to Pål Stange, since Aleris offers healthcare services, it requires a lot of machinery in the daily activities, by having multiple operations in different markets, it is possible to ship the equipment from a country where the company might have lost a contract to a country where Aleris might have a large contract. Pål Stange states that:

“when it comes to the healthcare part of our business, you could have operations in many countries, and when you lose a contract in one country, you can transport the equipment to another country where you might have a larger contract, you have a large degree of flexibility which makes it easier to cope with unexpected events. You can mediate the best practice throughout your network smoothly”.

According to Pål Stange (2017), there is a large degree of flexibility which makes it easier to cope with unexpected events when you are present on multiple markets. Moreover, Pål Stange (2017) also pointed out the fact that the Swedish healthcare and care services holds very high quality and that they would be able to compete with other healthcare and care actors overseas. He states that “we are confident to say that the Swedish healthcare as well as the other Nordic countries healthcare systems are very efficient and holds very high quality, you get more healthcare for your money with our services”. He further states that “in countries like France and Germany, the healthcare systems are elder fashioned, based on semi-public insurance systems, which has led to the private healthcare companies being less efficient in comparison to the Nordic private companies”. In other words, the healthcare system in the Nordic countries are more efficient than the healthcare systems in the other European countries which has made for a favourable factor when internationalizing. Furthermore, Pål Stange (2017) states that “The Scandinavian countries are very similar socially and culturally”, which according to him makes for a favourable business environment when internationalizing. Thus, according to Pål Stange (2017), Aleris could expand and gain further market shares by
internationalizing to the Nordic countries without being exposed to a high degree of risk and uncertainty.

4.3.4 Barriers to internationalization

According to Pål Stange, the European Union stipulates much of the regulations, that the countries need to follow, therefore, much of the regulation is the same in the European countries. Pål Stange at Aleris states that “basically this industry is very regulated with laws, regulations and standards that you must follow and verify internally”. He further states that “notice of compliance is very important in our industry”. Furthermore, according to Pål Stange at Aleris, the Nordic countries are very similar regarding social and cultural settings, however, according to him, there are some cultural differences regarding the population’s attitude towards the willingness to pay for the care. Pål Stange states that “there is a greater acceptance to pay for private healthcare in Norway and Denmark than in Sweden. I think that the Norwegians and the Danish are more pragmatic in a sense, they are more willing to pay for private healthcare”. He further states “The Swedish population seem to have the view that since they have paid taxes, that should cover for their healthcare”. Furthermore, according to Pål Stange, there are differences regarding the patient insurance among the Nordic countries, in some countries the patient insurance is paid for by the state while in some countries the private actors need to pay for it themselves. Furthermore, Pål Stange states that:

“When you think about what it is that we are exporting, it comes down to management systems, patient flow, competencies, “a way of doing business”. The “product” which Aleris are exporting is different from the manufacturing firms, where they export a tangible product, this is not the case in a service company like Aleris, according to Pål Stange (2017). Pål Stange states:

“I mean, we produce services, that needs to be produced locally near the patient. So, I mean, we are not like for instance Volvo, that can produce a car in Sweden and ship it to Asia or USA. In the case of Aleris, when we have operations abroad, the value creation will occur in the country where we produce the service”. Pål Stange further states:
“It is like when McDonalds opens a restaurant in Sweden, McDonalds produce the burgers in Sweden with Swedish ingredients, serves it to Swedish customers, but they are doing it in a certain way, in line with McDonalds concept where conduct, routines, quality, marketing are important factors. That’s the same way when discussing the export of Scandinavian healthcare systems, it should be exported as a concept, but it is important that you are able to adapt to the source country as well”.

According to Pål Stange (2017), Aleris export a concept, a concept of care, therefore, it is important that they can develop a concept and that they can export that concept. However, even if Pål Stange (2017) emphasises the importance of successfully export your concept, he acknowledges the importance of adapting to the source country as well. Furthermore, according to Pål Stange (2017), the greatest challenges regarding their internationalization have been related to the contracts. He states that “when it comes to the big public contracts, it is always hard when you don’t win a contract especially when it is a contract that refers to the activities you already have in your possession”. Since Aleris growth depends on their contracts, it could become a restraining factor in their internationalization process if they cannot secure further contracts. Furthermore, according to Pål Stange (2017), the number of contracts differ from year to year which creates further uncertainty. Pål Stange (2017) states that “the public agencies, which are our largest customer, sometimes decides to cut down the volumes or to manage the healthcare facilities on their own, so there are large variations regarding the volumes from year to year”. Thus, according to Pål Stange (2017), there is a high uncertainty from year to year, due to the variations regarding the available volumes on the different markets. Furthermore, according to Pål Stange (2017), the price of the healthcare related services has been reduced over the years, so there is a constant need for them to become more efficient but at the same time continue to deliver high quality services. According to Pål Stange (2017), the purpose with the private healthcare companies that works toward public entities, is to challenge the public healthcare and through this increased competition increase the quality overall throughout the whole system. According to Pål Stange (2017), the internationalization of Aleris have been relatively smooth so far, but further expansion to European countries could be more challenging. The healthcare systems in the European countries are somewhat different from the Nordic healthcare systems, so the best way for Aleris to minimize the potential challenges would be to acquire an already existing healthcare company (Pål Stange, 2017). He states that:
“When we enter a new market, we acquire an already existing company, it is pretty much impossible to start a new business from scratch on a new market, so we buy an already existing actor. We buy a platform, I mean you need local competencies, local management, and then you can implement your own business strategy through the mother company”.

By internationalizing through the mode of acquisition, they hope to obtain needed local knowledge and relationships which will help them to position themselves on the target market. According to Pål Stange (2017), Aleris are considering further expansion, they are particularly interested in the Finnish market, however, they are looking for opportunities in markets outside of the Nordic countries as well.

4.4 Ambea

4.4.1 General information

Ambea is one of the leading private actors in the care sector in the Nordic countries. The company offers accommodation, support, training and staffing within health and social care (Ambea, 2017a). Ambea operates in Sweden and Norway through more than 450 units, and employs around 14000 people (Ambea, 2017a). The company operates through their brands Nytida, Vardaga, Lära and Bemanning in Sweden and through Heimta and Vitale in Norway (Ambea, 2017a). In Sweden, Ambea offers services in elderly care, mental health care, care for addicts for adults and young people and accommodations for refugees. Furthermore, Ambea also offers services such as group housing for disabled individuals, service housing, short-term housing, personal assistance, school for people with learning disabilities and care for children and young adults (Ambea, 2015). In Norway, Ambea offers services in disability care, mental health care, residential care for individuals with disabilities as well as residential care for individuals with mental illness. The company also operates rehabilitation services for individuals with disabilities and rehabilitations services in psychiatry in Norway (Ambea, 2017a).

4.4.2 International activities

During the 1990s, the regulation regarding healthcare and care started to change, which resulted in an increase in private healthcare and care actors (Rikard Gren, 2017). It was due to
this reform that Ambea was founded in the year of 1996 (Rikard Gren, 2017) under the name of Nordvård. Nordvård would later change name to Carema Vård och Omsorg AB, and in the year of 2007, the company changed its name once again, this time to Ambea AB. The company operated in the primary care and elderly care segment of the healthcare and care sector in the beginning. However, Ambea soon decided that they would focus on care services rather than healthcare services (Rikard Gren, 2017), and in the year of 2012, Ambea sold their healthcare operations to Capio, and in the following year they started to liquidate their home care operations. Over the years, Ambea acquires many private actors within the care sector, and in the year 2000, Ambea acquires the first employment agency for doctors. In the following year, Ambea adds three additional employment agencies to their corporate portfolio, namely Rent a Nurse, Rent a Socionom and CareTeam (Ambea, 2017b). Ambea has acquired some of the first private care facilities that were established in Sweden, like Saltsjöbadens sanatorium built in 1903, which today is run by Vardaga as a retirement home. Furthermore, Ambea operates Fjällgatan Omsorger, through their brand Nytida, which was established in 1908 as Majgården, a residential care facility for mentally challenged children and young adults (Ambea, 2017b). In 2016, Ambea’s brand Nytida merged with Solhagagruppen, and thereby became the largest provider of services for individuals with disabilities and psychosocial problems. Because of the merger, Ambea is thus on the Norwegian market through the brand Heimta in Norway. As of today, Ambea has added two additional brands on the Norwegian market, namely Vitales and TBO Helse, which offers services in personal assistance, residential care for individuals with disabilities and psychiatry as well as rehabilitation in disabilities and psychiatry (Ambea, 2017b). According to Rikard Gren (2017) Ambea is looking for further opportunities in foreign markets, primarily in the Nordic countries, but they are actively pursuing opportunities in the rest of Europe as well.

### 4.4.3 Drivers for internationalization

According to Fredrik Gren, CEO at Ambea, one of the main drivers behind the internationalization of Ambea was to increase their market share. Furthermore, according to Fredrik Gren, the Swedish market had become saturated. Fredrik Gren states that “The Swedish market was quite saturated, and we had wanted to find new growth areas and increase our market share”. Another factor that drove Ambea to internationalize was the fact that the Swedish healthcare and care holds very high quality, and could therefore be exported as a concept to foreign markets (Fredrik Gren, 2017). Fredrik Gren (2017) states:
“I have been to many countries and looked at their healthcare and care, and I can say that the Swedish healthcare and care is of extremely high quality. I firmly believe that none of our elderly care facilities would have a hard time competing with the elderly care facilities in the rest of Europe”.

In other words, the high quality of the Swedish healthcare and care services makes for a favourable exporting product according to Fredrik Gren (2017). Furthermore, according to Fredrik Gren (2017), Ambea had analysed the Nordic markets, so they would be ready to expand whenever the opportunity presented itself. They knew that the only way they would expand to another market would be through acquisition, Fredrik Gren states, “if we are going to expand to another market, then it will be through acquisition, that means that we will need knowledge and understanding about the market”. Hence, according to Fredrik Gren, Ambea located a company which owned a subsidiary in Norway, that would fit their strategic profile, so they decided to acquire it and thereby become an international actor. Furthermore, according to Fredrik Gren, networks play an important part in the internationalization activities of Ambea, he states, “…networks is also crucial for a successful expansion”.

4.4.4 Barriers to internationalization

According to Fredrik Gren at Ambea, it is important that companies has sufficient knowledge regarding the regulations in the specific country, when expanding to that country. He states that “the sectors in which we operate is highly regulated, and the regulations are different in different countries”. He further states “Therefore, it is important that you know how the regulations are in the country, and what intentions they have as a society regarding how the healthcare and care should be carried out”. Since the healthcare and care sector is highly regulated, and very policy-driven, it is very important that the company has the necessary knowledge about the business environment of the target market before expanding (Fredrik Gren, 2017). Hence, according to Fredrik Gren, Ambea keeps constantly analysing potential markets, to locate opportunities as well as learning about the different characteristics of the business environment. Furthermore, since the regulatory environment regarding healthcare and care services are different between countries, the role of the care company depends on what the regulation allows (Fredrik Gren, 2017). For example, when a company offer services in disability care, they must adapt to the specific regulations regarding disability care in the
specific country. Furthermore, Fredrik Gren (2017) states that “there are differences in the different segments of the healthcare and care industry depending on governmental policies”. According to Fredrik Gren (2017), the Finnish market is the most developed market in the Nordic region, with 40 per cent of the care being run by private companies. In Sweden, around 18 per cent of the care is being run by private actors, followed by Norway. According to Fredrik Gren (2017), Denmark is the least developed market among the Nordic countries. However, there are differences in the different segments of the industries as well. According to Fredrik Gren, Finland has a developed corporate healthcare but at the same time most of the home care is being run by the government. Furthermore, Denmark have opened a bit when it comes to home care services, however, due to the conditions of the procurement regarding other segments of the industry, it has not been profitable for private actors to operate (Fredrik Gren, 2017). Fredrik Gren (2017) states that “the Danish market is generally difficult when it comes to private healthcare and care companies, especially when it comes to our main areas”. According to Fredrik Gren (2017), other European countries like Germany, England and France has a healthcare and care system that is constructed in a different way compared to the Nordic countries, there is less governmental intervention. This has resulted in 80 to 90 per cent of the care being operated by private actors. Furthermore, there is a greater proportion of the payment that is private. Fredrik Gren (2017) states that “in Sweden for example, you pay 10 to 15 per cent of the payment, the rest is covered by the municipality, while in Germany, France and England, it depends on your income level and your private fortune, however, around 40 to 50 per cent is considered the average”. According to Fredrik Gren (2017), healthcare and care companies face cultural barriers which can complicate the activities of the firms. He states that “here in Sweden, some cultures think that it is unthinkable to have your parents in an elderly care facility, and I think that the farther south you get, it is even more common”.

Furthermore, according to Fredrik Gren (2017), there are some challenges related to the core business of healthcare and care companies. He states that:

“our sector is more closely related to service sectors such as hotels, restaurants and so on, our product is a service concept, that is what we are exporting, and of course this is very different from when Volvo assembles a car in their factory in Torslanda, and then ship it to the customer somewhere in the world”.
He further states that “our value creation, and production, is locally, and therefore it might seem like it is harder, since there is no real physical product”. According to Fredrik Gren (2017), it is very important for healthcare and care companies to develop their concept to make it suitable for export. He states that “It is very important that we invest in research and development, learning, concept and system support so that you have a concept, a management system that supports that concept and that you can provide high quality services to a low price”. Fredrik Gren (2017) acknowledges the importance of the development of the concept, and that the company has a management system that supports the company concept. According to Fredrik Gren (2017), when they are going to expand to a country outside of the Nordic region, they will use acquisition as an entry mode. Fredrik Gren (2017) states that:

“The most important thing is to decide which segment of the industry we are going to enter. Once we have decided which segment we want to enter, then it is important that we are open for acquisitions, and that the first company we acquire has a good reputation, good corporate culture, local knowledge and relations, a focus on quality that you can build on. You don’t want to acquire a company which is like a miscellany, where there is no pervasive structure or culture. When you have decided which segment to enter and have found a company or companies to acquire, then it is important that you find the right management. In our case, we used Swedish management in the beginning of our expansion to the Norwegian market, however, you want to find local management with local knowledge early in the process”.

Ambea will use acquisition as mode when internationalizing to further markets, and according to Fredrik Gren (2017), the company that they will acquire needs to have a lot of specific characteristics in order to fit the strategic profile of Ambea. Fredrik Gren (2017) further stresses the importance of local market knowledge and local relationships as necessary tools for a successful internationalization.
5. Analysis

In this chapter, the empirical data presented in the previous chapter is matched and compared with the drivers and barriers included in the conceptual model presented in the second chapter of the study. The empirical data will be matched and compared with each theory separately in order to identify drivers and barriers related to that specific theory. In the end of the chapter a table presents the drivers and barriers found in the cases based on the drivers and barriers included in the conceptual model.

5.1 Process model

5.1.1 Drivers for internationalization

The process theory emphasizes the need for market knowledge when firms internationalize, furthermore, the firm’s market commitment depends on how much knowledge the firms have regarding the target market (Johanson and Vahlne, 1977). According to process theory, firms follow small incremental steps when internationalizing, where each step means more knowledge regarding the foreign market, and therefore allows the firm to increase their commitment to the specific market (Johanson and Vahlne, 1977). The companies studied in this paper are Swedish companies that have begun their internationalization process by expanding to neighbouring countries, countries in the Nordic region. In accordance with the process theory, all the interviewees have emphasized the importance of market knowledge when internationalizing. The companies describe it as an important factor regarding their internationalization process. Furthermore, the companies are found to be internationalizing in small calculated steps, as described in the process theory literature. They keep analysing potential markets to obtain important country specific knowledge that will be useful when the companies decide to expand. Furthermore, according to process theory, when entering a market, both the geographical distance as well as the psychic distance is important factors that decides which markets to enter and how to do this (Johanson and Wiedersheim-Paul, 1975). By choosing countries that are like the home country market, firms minimize the psychic distance, and thereby, minimize the perceived risk (Johanson and Wiedersheim-Paul, 1975). Therefore, firms tend to begin their international activities by expanding to markets that are like their home market, which for the most part means that they will expand to neighbouring
countries in the early stages of internationalization (Johanson and Vahlne, 1977). The empirical findings show that all the studied companies are in line with the process theory, the companies have taken small steps towards internationalization, they have analysed the markets carefully to gather sufficient market knowledge about the specific characteristics of the markets. Furthermore, based on the obtained market knowledge, they have decided how much they are willing to commit to the target market. For the most part, the companies have entered a market through acquisition, by acquiring a local actor; the companies are guaranteed to obtain local market knowledge and local market relationships necessary to successfully expand to the target market. Once they have obtained further market knowledge, they have decided to increase their market commitment to the target market along the way. All the companies have internationalized in incremental steps, where the market knowledge has been the deciding factor of how much of a market commitment the companies have been willing to undertake. This is clearly in line with how the process theory explains the internationalization process of firms (Furthermore, the companies have chosen neighbouring markets with similar characteristics as their home country market as their first step of internationalization, in line with the process theory (Johanson and Vahlne, 1977).

Moreover, likeness in culture, social values and in the healthcare and care systems has been important drivers for internationalization in two of the studied companies. In the case of Aleris, the main driver of internationalization was due to synergies; however, the social and cultural environment among the Nordic countries was also an important reason why they decided to begin their internationalization by expanding to the neighbouring countries. The same reasoning was found in Attendo, they started out on the Swedish market, and after some time they realised that there were many similarities with other Nordic countries. Therefore, they realised that there were large growth capacities in the neighbouring Nordic markets, where they could apply the same concept used on the Swedish market, to the neighbouring markets. The Nordic countries are not only similar regarding the social and cultural environment, but also regarding the healthcare system, the clients, the counties and municipalities have the same function in the healthcare system, these are factors that have affected the reasoning of the companies when deciding which markets would be the best suitable target markets for their internationalization process. However, in the case of Ambea, it was not outspoken that the similarities between the Nordic countries was an important driver for internationalization. Ambea’s main driver for internationalization was to increase their markets share, they felt that the home country market had become saturated and they
needed to internationalize in order to grow. It is however safe to say that the likeness between the countries, most likely played some part in Ambea’s decision to internationalize to the neighbouring Nordic market. Furthermore, the language is very similar in most of the Nordic countries, this is also a factor that affect the psychic distance, when the studied companies expand to the neighbouring Nordic markets. In other words, the psychic distance between the Nordic countries can be described as short, which is considered favourable when firms internationalize, according to Johanson and Vahlne (1977). Thus, the short psychic distance can be identified as a driver for internationalization among two of the companies, in line with process theory. Moreover, in the case of Ambea, it is however very likely that it has played some part in the internationalization decision as well. Furthermore, since the Nordic countries are like each other, the companies have been able to use the market knowledge obtained from their activities on their home market when expanding to the neighbouring countries. Furthermore, in line with the process theory, the companies are expanding slowly and constantly analysing and gathering knowledge regarding potential markets to be ready to expand further, if the right opportunity comes up.

5.1.2 Barriers to internationalization

The previous subchapter presented similarities between the Nordic countries, and stated that the psychic distance between the Nordic countries is short, which was identified as an important driver for internationalization in two of the studied companies and that it is highly likely that it has been a driver in the case of the third company as well, in line with the findings of Johanson and Vahlne (1977). However, there are some differences between the Nordic countries as well, differences that has complicated the internationalization process of the three firms. The sectors in which the studied companies operate in are highly regulated, and even if the European Union stipulates much of the regulation, there are some different characteristics regarding the regulatory environment between the countries as well. All of the companies acknowledge that there are barriers related to the regulatory environment of their markets. Furthermore, there are many laws, regulations and standards that the companies need to follow, and there is a different set of these regulatory factors in the different countries. Moreover, the healthcare and care sector is also very policy-driven, and the policies are also different in the different countries. Therefore, it is very important that the companies have sufficient knowledge about the regulatory environment in the different markets, when
internationalizing, since some of the countries have a harder business environment than the others, which makes it harder for the companies to capture market shares in the more regulated markets. Attendo has found the markets of Denmark and Norway to be the most challenging markets. In Norway, there are governmental policies that grant subsidies to municipalities when they operate healthcare and care facilities. Such policies make it hard for Attendo to compete on such terms. Furthermore, there are differences in the different segments of the healthcare and care sector, where some parts of the care are more open for private actors than others. For example, Finland has a developed corporate healthcare, however, the home care is almost completely run by the government, which has made Finland an inaccessible market for Ambea, who focuses on the care segment of the healthcare and care sector. This makes it hard for the healthcare and care companies to capture market shares in the home care sector of Finland, which is most likely one of the reasons why Ambea has not yet expanded to the Finnish market. Furthermore, Ambea has found that Denmark has become friendlier towards private actors, however, due to the conditions of the procurement regarding other segments of the industry, it has not been profitable for them to operate on the Danish market.

Furthermore, the general cultural environment is very similar in the Nordic countries, however, there are cultural diversity, in other words, there are different cultures among the population, cultures that Ambea has found to have different opinions regarding healthcare and care services. The empirical findings show that the cultural diversity among the Nordic countries makes it hard for the healthcare and care firms to reach some of the population due to their cultural values, as in the case of Ambea. Ambea has found that in some cultures, it is unthinkable to have your relatives in an elderly care facility, instead, the family is assumed to care for their elders. Hence, there are cultural barriers found in the Nordic countries. Furthermore, another barrier identified in the empirical findings in the case of Aleris, which can be considered a cultural barrier, was regarding the population’s attitude towards the willingness to pay for the care. There is a greater acceptance to pay for private healthcare and care in some of the Nordic countries than others. The Norwegians and the Danish are identified as being more pragmatic, than the Swedes, the Swedes think that their healthcare and care should be covered for by the taxes. In conclusion, even if the Nordic countries are like each other, and the similarities works as drivers for internationalization in accordance with process theory, there are however differences between the countries, differences that can be viewed as barriers when the companies expand to the foreign markets.
5.2 Entrepreneurship theory

5.2.1 Drivers for internationalization

The international entrepreneurship literature describes how firms, often smaller in size than the typical internationalized firms, internationalize in a more intentional and rapid way than previously observed in firms. The firms are characterized by being successful in adapting to new business environments in foreign market and to be prone to seek out and exploit opportunities overseas (Autio, 2005). These firms were found to be constantly striving for new opportunities and willing to undertake a large degree of risks (Autio, 2005; Oviatt and McDougall, 1994). In line with the international entrepreneurship theory, the companies studied in this paper have gone through internationalization in a relatively early stage, therefore, they can be characterized as entrepreneurial by nature. Furthermore, all of the companies are constantly looking for new opportunities to exploit in foreign markets as well as in other segments of the healthcare and care sectors. Attendo is focusing on the Swedish and Finnish markets, but they are actively pursuing opportunities in markets outside of the Nordic countries as well. This opportunity seeking behaviour can be identified in Aleris as well, Aleris are also looking for new business opportunities in foreign markets. Furthermore, Ambea are looking for potential opportunities and is analysis and learning about foreign markets, however, they have no real plan to expand to a country outside of the Nordic countries as of today. All three companies analyse potential market opportunities in markets outside of their home market. It is both difficult and time-consuming to analyse and identify potential market opportunities; however, it enables the companies to narrow down the best possible alternatives. Thus, when they locate an opportunity, they will have market knowledge that will increase their chances of a successful expansion. This behaviour, the opportunity seeking behaviour observed in the three companies are in line with the international entrepreneurship theory and can be characterized as an important driver for internationalization. However, even though the companies actively pursuit opportunities, in line with entrepreneurship theory, it has not been observed that they are prone to undertake a large degree of risks as Autio (2005) and Oviatt and McDougall (1994) found in other entrepreneurial firms. The companies in this study are found to be actively seeking opportunities in foreign markets, however, they are found to be internationalizing in small calculated steps which is more in line with the process theory, rather than through the more rapid and risky way described in the international entrepreneurship theory. Furthermore, the international entrepreneurship literature considers the management to the main driver of
internationalization (McDougall and Oviatt, 2000). The management tend to view the world as a borderless marketplace, and have a large influence on the international activities of the firm. Moreover, the managers often have international experience and knowledge that is considered useful for the firm when internationalizing. The background and experience of the management in the three studied companies has not been identified as an important driver of internationalization. The background and experience of the entrepreneur or the management are probably considered important drivers for the internationalization process in smaller firms, where the entrepreneur has a larger role regarding the international activities of the company. However, in the three companies studied in this paper, the background or experience of the management cannot be identified as an important driver for internationalization, however, the background and experience of the management most likely play some part in the international activities of the companies. Furthermore, market knowledge was found as a driver for internationalization in the three cases, market knowledge is considered a driver for internationalization in all three theories incorporated in the conceptual model.

5.2.2 Barriers to internationalization

There has not been possible to identify any clear barriers of internationalization in the studied firms in relation to the entrepreneurship theory, regarding the aspect of their entrepreneurial activities at the same time as learning from those activities, or any other barriers related to the entrepreneurship theory. However, there could be a potential barrier to internationalization, or potential challenge related to the internationalization process of the companies, that can be linked to the entrepreneurial activities of the firms, in the future. The entrepreneurial behaviour of the firms, the opportunity seeking behaviour described in the international entrepreneurship literature (Autio, 2005; Oviatt and McDougall, 1994), are both costly as well as time-consuming. To analyse and pursuit opportunities on foreign markets, the companies need to put in a lot of work and resources, therefore, it is important that the firms learn from their entrepreneurial activities and their internationalization process. If the companies become too focused on exploiting opportunities arising from internationalization, and thereby neglect the importance of knowledge integration, it could lead to challenges related to their internationalization process later. By learning from their internationalization process, the firms will be able to build new skills. According to Zahra et al (2006), by taking stock of their knowledge, relating it to their existing knowledge base, and deploying it in pursuit of strategic
goals, companies can build new skills. Therefore, the integration of knowledge is important for the building of new skills. Furthermore, these skills are then combined to build new competencies, that will trigger new entrepreneurial activities and further international expansion (Zahra et al., 2001). Thus, there could be challenges related to the companies’ internationalization process regarding the entrepreneurial activities of the firms in the future if the companies become too focused on their entrepreneurial activities and thereby neglect learning at the same time.

5.3 Network theory

5.3.1 Drivers for internationalization

The network theory on internationalization states that firms use networks as a bridging mechanism when internationalizing (Mtgwe, 2006; Johanson and Mattson, 1988; Coviello and McAuley, 1999). By establishing networks with customers, suppliers and other important market related actors, based on trust and commitment to each other, firms increase the likelihood of a successful internationalization (Mtgwe, 2006). According to Johanson and Mattsson (1988), the internationalization process can be described as a process of initiating, developing and sustaining international relationships, through which the firm can position itself on a new market. Furthermore, using relationships, the firm will be exposed to a larger number and variety of knowledge sources which will lead to the firm achieving a greater level of knowledge than if only relying on its own internal capabilities (Osland and Yaprak, 1995). In line with network theory, all the companies acknowledge that relationships are important to increase the likelihood of a successful internationalization. One of the interviewees reaches as far as stating that networks are crucial to successfully internationalize. However, even if all the companies acknowledge the importance of relationships and networks when internationalizing, their networks and relationships has not been drivers for their internationalization.

Factors such as synergies, saturation of the home country market, short geographical and psychic distance between the Nordic countries, have been more important drivers for internationalization than the relationships and networks of the firms. According to network theory, the networks and relationships of the firm are the primary driver for internationalization, it is through their relationships that the firm locates opportunities, and
obtain knowledge that will be used when the firm expand overseas. Through the networks, the company will be exposed to not only opportunities on the target market, but to further opportunities on other markets as well. It is the networks and relationships that are the main source of information and knowledge, and furthermore, the main driver for internationalization. This however, is not the case in the studied companies. The companies acknowledge the importance of relationships and their role in the internationalization process, however, as earlier mentioned, they have not been considered drivers for internationalization. Therefore, the network model, with its focus on networks and relationships as main drivers for internationalization, are not applicable in the three companies used in this study. However, the empirical findings in this study showed that Aleris have clients which are international actors, such as large insurance companies. Since all the studied companies are relatively large, it is likely that they all have international clients, and therefore, international relationships. Thus, the companies might be able to use their relationships with their international clients to expand to foreign markets, and using their relationships, the companies will be able to position themselves in new foreign markets. Furthermore, the companies might be able to use their relationships with their clients, who have operations in multiple countries, as a bridging mechanism towards further internationalization. Through mutual trust and commitment to each other, both parts will able to share knowledge and experience to each other. Thus, the companies will be able to receive local market knowledge and local relationships which will increase the likelihood of a successful internationalization process. Hence, the relationships of the companies might become important drivers for further internationalization in the future, if the companies will be able to use their relationships with their international clients as a tool for further internationalization. Furthermore, market knowledge was found as a driver for internationalization in the three cases, market knowledge is considered a driver for internationalization in all three theories incorporated in the conceptual model.

5.3.2 Barriers to internationalization

It has not been observed that there have been any barriers of internationalization related to the aspect of networks or relationships in the cases studied in this paper. However, the companies have acknowledged the importance of relationships as a tool in the internationalization process. Furthermore, it has been observed that the companies depend on their relationships with governments, clients and customers to offer their services and obtain contracts. Since the
three companies are service firms, operating in the healthcare and care sector, where their main objective is to offer different kinds of care to people, relationships are very important for the firms. Not only the relationships with their customers, their care receivers, but to the government and to their clients. Their operations depend on their relationships, without the right relationships, the companies will not be able to obtain contract or to perform their services. In other words, it is essential that the companies can secure the needed relationships when they internationalize. There could be challenges related to the aspect of relationships regarding further expansion to countries outside of the Nordic markets. All three companies acknowledge that one of the greatest challenges regarding further internationalization, to countries outside of the Nordic region is related to relationships. The ability to obtain relationships on foreign markets depends on specific country market factors, such as the regulatory environment, cultural or social factors. To obtain the needed relationships on the new market, the companies will use acquisition as entry mode when expanding to markets outside of the Nordic markets. By acquire a local actor; the company will get both local market knowledge as well as local market relationships. Hence, the companies will obtain important market knowledge and relationships that will increase the likelihood of a successful internationalization process. Thus, even though there have not been any barriers of internationalization regarding the relationship aspect in the internationalization process of the companies so far, the companies acknowledge that there are challenges related to relationships and networks regarding their further internationalization, to markets outside of the Nordic countries.

5.4 Summary of findings from analysis

The following table shows the drivers and barriers identified in the respective cases related to the conceptual model.

Table 2: Drivers and barriers found in the cases matched against the conceptual model compiled by Autho
6. Discussion

In this chapter, the findings are discussed and presented. The two research questions are answered separately in a short and concise manner.

6.1 Results

This study set out to investigate and research the factors that affect the internationalization process among Swedish healthcare and care firms, to explain what drivers and barriers can be identified related to their internationalization. Since the study is based on three Swedish healthcare and care companies, a completely accurate picture of the phenomena cannot be given. However, even if the findings cannot explain these phenomena to its full extent, this study has helped to increase the knowledge regarding the studied subject. The study presented a conceptual model, where the author integrated drivers and barriers related to internationalization found in the three respective theories presented in the theoretical framework part. These drivers and barriers integrated in the conceptual model were then tested against the empirical findings, in the analysis chapter to investigate how well they matched the reality of the phenomenon. Based on the empirical findings, healthcare and care firms experience multiple drivers and barriers related to their internationalization process.

6.1.1 Research question 1

Which are the main drivers of internationalization in internationalizing Swedish healthcare and care firms and how do these influence the internationalization process?

This study supports the theories that states that firms internationalize in small incremental steps. The firms in this study was shown to be internationalizing in a very slow and controlled manner, where market knowledge was found to be an important driver for internationalization. The market knowledge dictates which market the companies are going to enter and how much they are willing to commit to the target market. Moreover, it was discovered that increased market shares were a motivator for internationalization, increased market shares mean more profit and a strengthening of their market position, which attracts
the healthcare and care firms to internationalize. Furthermore, it was discovered that likeness between countries are an important factor when the studied healthcare and care firms internationalize. The companies were found to be internationalizing to markets which shared characteristics with their home country market. Factors like social environment, cultural environment and likeness in the healthcare and care system was found to be important drivers for internationalization in the healthcare and care firms used in this study. Furthermore, entrepreneurial activities were identified as an important driver for internationalization in the studied companies. The companies were identified to seek opportunities on foreign market through their opportunity seeking behaviour. In one of the companies, synergies were the main driver for internationalization, and in another company, saturation of the home country market was the main influencing factor to internationalization. As the home country market becomes saturated, firms are forced to internationalize in order to continue to grow and capture market shares.

6.1.2 Research question 2

Which are the main barriers to internationalization in internationalizing Swedish healthcare and care firms and how do these influence the internationalization process?

The study shows that the three companies experience barriers related to their internationalization process. The regulatory environment was found to be the main barrier related to the internationalization process of the studied companies. The healthcare and care firms operate in a highly-regulated industry; therefore, it was expected that there would be challenges related to the regulatory environment. Another barrier identified in the study is the cultural environment. This was found to be a barrier in two of the studied cases. Furthermore, the study show that two of the companies has experienced barriers related to the contracts. Since the healthcare and care firms in this study work on contracts, it can become a restraining factor in their internationalization process when it is hard to obtain the contracts as well as when the volumes differ from year to year.

It is safe to say that the empirical findings are best matched against the process theory. Much of what is found in the process theory can be applied in the three cases used in this study. This
could be due to the nature of the studied firms. The studied firms, operating in the healthcare and care sector, has a more complicated internationalization process than more traditional manufacturing firms. Due to the nature of their core activities, they offer services in different care segments, they might be forced to internationalize in a slower and more controlled manner than firms operating in other industries. They have more variables to consider when internationalizing, furthermore, they have more regulations to abide to. As this study shows, Swedish healthcare and care companies export a concept, a set of routines, competencies, a way of doing business. Therefore, there are more variables going into their exported “product” than in the case of a manufacturing firm exporting a tangible product. With this in mind, it is likely that healthcare and care firms must take more factors into consideration when expanding to foreign markets, which provides incentives for a more controlled and steady internationalization process, therefore makes the process theory a favourable framework to use as an analysing instrument. Furthermore, it is surprising that the networks and relationships did not have more influencing power regarding the decision to internationalize, in the studied companies. It was thought to be an important factor in their decision to internationalize, however, it was shown to be an important factor related to the internationalization process of the firms, in order to increase the likelihood of the internationalization process. Therefore, the networks and relationships aspect was found to be important regarding the companies’ internationalization process. The entrepreneurship theory was mainly chosen due to the opportunity seeking behaviour described in the theory, which was identified in the studied companies. However, not much of the findings were applicable to the other aspects of the theory.
7. Conclusion

The conclusion is presented in this chapter, followed by the limitations of the study. Finally, suggestions for further research are presented.

7.1 Conclusion

Overall, the study contributes to the understanding of Swedish healthcare and care firms’ internationalization process. The study shows that Swedish healthcare and care firms experience different drivers and barriers related to their internationalization process, however, the studied companies were found to be sharing a lot of these drivers and barriers. Much of the findings matched the initial beliefs of the thesis, thus, the findings were in line with the conceptual model to a high degree. The study supports the opinions and theories that firms internationalize to increase their market shares. Furthermore, the study supports the theories that firms tend to internationalize to neighbouring markets where there are similarities with their home country market. Moreover, the entrepreneurial activities of the firms work as drivers for internationalization through the opportunity seeking behaviour identified in the companies. Furthermore, as the study shows, Swedish healthcare and care firms face barriers regarding the regulatory environment and the cultural environment of the target market when internationalizing. The study further shows that the companies face industry specific barriers when internationalizing, like the barriers related to the contracts and the much-needed relationships to governments, clients and customers shown in this study.

7.2 Limitations of the study

The first limitation of the study is the sample quantity. This study uses three cases, because of restrictions regarding the research period, however it would be favourable to include more cases in order to get a more accurate picture of the phenomena, since different companies experience different drivers and barriers related to their internationalization process. This would improve the reliability of the study. The second limitation of the study is regarding the quantity of the respondents. The interviews were conducted with one respondents in each case. People have different opinions and interpret the reality in different ways, therefore, by
having multiple respondents in each case, it increases the likelihood of getting the most truthful picture possible, which would improve the reliability of the study. Furthermore, by selecting companies with the same contextual industrial background, the reliability of the study could be affected, since the findings might be problematic to transfer to other industrial contexts.

7.3 Suggestions for further research

There is an apparent need for further research on the subject which this thesis covers, there is room for further research in all aspects of the studied research area. The characteristics of service firms and what drivers and barriers they face when internationalizing to highly regulated markets, like the healthcare and care sector is close to unaccounted for in the international business literature. Therefore, it is suggested that further research pursue the exploration of what characteristics can be found related to the internationalization process of service firms operating in highly regulated industry contexts like the healthcare and care sector. Furthermore, future research could study other segments of the healthcare and care sector, for instance pharmaceutical companies or companies focusing on the healthcare segment of the healthcare and care sector to investigate and examine what characteristics can be found in these segments of the sector when the firms decide to internationalize. Moreover, further research could focus on the internationalization process of other service sectors, such as IT, hotels, restaurants in order to increase the knowledge of service firms’ internationalization process and examine what drivers and barriers are related to their internationalization process.
References

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Appendices

Appendix A

Interview questions

General information about the company

How many employees?

How was the company started?

Which markets are you operating in?

Background to interview

Position?

Typical duties?

Have you had any previous position in the company?

Internationalization

What was the influencing factors regarding your internationalization?

What was the reasoning behind the decision to choose Nordic markets?

Differences in the healthcare and care sectors of the Nordic markets?

What challenges have you experienced related to your internationalization process?

What are your thoughts on further expansion, for instance to markets outside of the Nordic countries?