UNIVERSITY OF GOTHENBURG

SCHOOL OF BUSINESS, ECONOMICS AND LAW

CSR- leading the way or not?

A comparative study about how CSR can influence SMEs internationalization process within the food industry

Graduate School

International Business & Trade

Master's Thesis

Spring 2021

Authors

Hanna Eurenius

Katarina Hedencrona

Supervisor

Niklas Åkerman

Abstract

Due to increased globalization and increased sustainability awareness, Small and Medium-Sized Enterprises (SMEs) have become increasingly internationalized, as well as more involved in addressing sustainability issues. Therefore, the aim of this paper is to examine how Corporate Social Responsibility (CSR) Strategy influences the internationalization process for SMEs operating within the food industry. Focus was placed on two essential decisions within the internationalization process, which are International Market Selection (IMS) and the Entry Mode Selection (EMS). A literature review revealed external and internal factors with the potential to influence the decision in the IMS and EMS. The study was conducted on nine cases, adopting a comparative case design. The empirical findings suggest that CSR Strategy has a limited and fragmented impact on the factors within the internationalization process. The influence was more evident within some of the factors in the IMS, whereas in the EMS little or no influence could be discerned. The EMS was mainly characterized by limited resources. The absence of clarity between the internationalization process and CSR Strategy calls for further research, in order to explore if there is a connection that could be distinguished more distinctly.

Key words: SME Internationalization, CSR Strategy, International Market Selection (IMS), Entry Mode Selection (EMS)

Acknowledgements

We would like to express our utmost gratitude towards the respondents participating in our study. It is thanks to your cooperation and commitment that our research could be carried out. The food industry is currently going through major challenges, and it has been incredibly exciting to follow your unique journeys. Thank you for letting us inside your world.

Last but not least, we would also like to extend our many thanks to our supervisor, Niklas Åkerman, for always contributing with valuable feedback and also showing interest in our research. We are very grateful for your help.

Gothenburg, 31st of May, 2021

Hanna Eurenius Katarina Hedencrona

List of Acronyms

MNE= Multinational Enterprise

SME= Small and Medium-Sized Enterprise

CSR= Corporate Social Responsibility

IMS= International Market Selection

EMS= Entry Mode Selection

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1. Introduction

This first chapter will provide a background of this study in order to contextualize our purpose. Furthermore, it will demonstrate the fragmented research which will be the foundation of our research question, connecting CSR Strategy to the internationalization process.

1.1 Background

Since the middle of the twentieth century, globalization has significantly changed the global economy (Dicken, 2015). It has become increasingly complex with geographically dispersed operations, distribution, and consumption, and where companies have become among the most powerful actors in the world. Globalization drives internationalization of firms in a mutual process (ibid), which has had considerable impact on various industries and in particular the food industry (Benito & Ström, 2000). The globalization of the food industry has had major impacts on our food systems. Historically, the food production systems have been mainly domestic and have been essential for countries well-being and survival (FAO, 2016). Today the food industry is global, where food supply chains are complex networks spread across the world, which are driven by the increased internationalization (FAO, 2019; Dicken, 2015).

Internationalization is a well-researched area and many scholars have attempted to explain the phenomenon through various frameworks and theories, which address various questions with different perspectives on the research field (Johanson & Vahlne, 1977; Dunning, 1997; Andersen, 1997). Melin (1992) views internationalization as a major part of the ongoing strategy process of most businesses and suggests that internationalization defines the current development and change in the international firm, both in terms of scope, business idea, action orientation, organizational structure, management, and values. Consequently, Melin (1992) argues that the internationalization dimension is part of all aspects of the strategy process. Andersen (1997) provides an explanation of the main difference between internationalization and other strategic processes within firms, and states that internationalization differs mainly by two distinguishing factors. The first refers to the expansion across borders, and the second is how the expansion is conducted. These factors, which can be referred to as International Market Selection (IMS) and Entry Mode Selection (EMS) are regarded as two key strategic decisions in the internationalization process of a firm (Andersen 1997; Shen, Puig & Paul, 2017; Musso & Francioni, 2014, Agarwal & Ramaswami, 1992).

However, an increasing international presence also increases companies' impacts, both on societies, as well as the ecological environments, and in the last few decades business has often been viewed as accountable for many social, environmental, and economic problems (Porter & Kramer, 2011). There have been numerous revelations throughout the years regarding companies' unsustainable practices. For instance, within the food industry, famous beverage brands have been accused of exploiting scarce water resources in developing countries in areas affected by drought (Doshi, 2017). Child labor and human trafficking have been long occurring issues within the chocolate industry, as well as the Asian fisheries sector (The Minederoo Foundation, 2018; ILO, 2013). Forbes has also reported that the world's largest animal protein companies are failing to address their negative impacts, both related to environmental, animal welfare, and human health aspects (Splitter, 2019). Besides, overall the food sector is incredibly resource and water-intensive (FAO, 2016) and is accountable for 26% of the anthropogenic greenhouse gases emissions (Poore & Nemecek, 2018). According to Aiking and de Boer (2004) food production and consumption is the human activity with the largest environmental impact (Aiking & de Boer, 2004).

Nevertheless, many companies are adopting practices to address sustainability issues occurring in their international operations (Porter & Kramer, 2011), which has also led to corporate sustainability being addressed by the research community. Sustainability, and sustainable development is a broad concept which has many definitions. One of the most well-known definitions was stated in the Brundtland report, "our common future" (1987: para. 49), where it was described as: *"Sustainable development seeks to meet the needs and aspirations of the present without compromising the ability to meet those of the future "*. In the last few decades, scholars have developed concepts that focus on sustainability issues, which emphasize the importance of incorporating environmental and social aspects into the business context, creating positive outcomes for society while simultaneously enhancing the competitiveness of the firm (Hart & Milstein, 2003; Lovins, Lovins & Hawken, 2007; Elkington, 1998). One common approach within the sustainability concept for firms to adopt is Corporate Social Responsibility (CSR) (KPMG; 2013; Attig, Boubakri, El Ghoul & Guedhami, 2016), which can be described as social, environmental, and economic values that firms incorporate across the organization in a transparent and accountable manner (Galbreath, 2006; Elkington, 1998). However, the concept has also been criticized, one major opposing view expressed by Porter and Kramer (2011) is that CSR mainly is used to improve reputation and lack a connection to

the business. Furthermore, Porter and Kramer (2011) argue that CSR is insufficient to achieve positive outcomes on both social, environmental, and economical aspects within societies. Nevertheless, the concept is popular among businesses (Attig et al., 2016, KPMG, 2013) and has also been acknowledged within the research community (Colovic & Henneron, 2018).

Globalization will continue to drive the internationalization of industries and firms (Dicken, 2015) and it is therefore important that companies acknowledge their impact and minimize the negative effects affecting societies and the environment (Porter & Kramer, 2011). So far, internationalization, as well as companies' societal and environmental impacts, have been discussed mainly concerning Multinational Enterprises (MNEs) (Porter & Kramer, 2011; Lu & Beamish, 2001). However, Small and Medium-Sized Enterprises (SMEs) account for the majority of the businesses globally, and thereby play an essential role in creating a sustainable economy, environment, and society (GRI, 2020; Kingo, 2015). Officially, an SME is defined according to the number of employees (50-250) as well as the turnover (10-50 million) (EC, 2021). Doubtless, SMEs play an important role in today's business landscape, and due to globalization, they are increasingly involved in the global economy and competition, and many SMEs have successfully expanded their business beyond their home markets (Zhou, We-ping & Zueming, 2007; Ruzzier et al. 2006). Due to this, it is of interest to examine how SMEs CSR strategy can influence strategic decisions in the internationalization process, such as IMS and EMS, within the context of the food industry due to its major environmental and social impacts (Splitter, 2019; FAO, 2016; Aiking & de Boer, 2004; Andersen, 1997).

1.2. Problem Discussion

Historically, most of the research on internationalization has been conducted on MNEs which has resulted in a gap in the research about SMEs internationalization (Lu & Beamish, 2001; Ruzzier et al., 2006 Ribau, Moriera & Raposo, 2018). Compared to MNEs, SMEs have limited financial, managerial, and human resources, as well as lack of experience regarding international expansion which results in different prerequisites for SMEs, which will affect the internationalization process and the choices made (Madok, 1997; Hsu, Chang & Luo, 2017; Ruzzier et al., 2006). Lu and Beamish (2001) and Schweizer (2012) state that SME internationalization will further increase and be additionally important in the future. Still, the SME internationalization literature is a relatively contemporary research area, and before 2000, there was only small-scale research with emphasis on SME internationalization as the main

focus was directed towards MNEs (McAuley, 2010; Ruzzier et al., 2006). This situation is still accurate, and particularly regarding SMEs and the research on IMS (Musso & Franciono, 2014) and EMS (Bruneel & De cock, 2016; Lin & Ho, 2019).

In recent studies, researchers have combined international business and sustainability principles, where the sustainability approach CSR is adopted by several scholars (Attig et al., 2016; Bondy & Starkey, 2014; Khojastehpour & Saleh, 2020; Zyglidopoulos, et al., 2016; Marano, Tashman & Kostova, 2017). So far the literature is dispersed covering different areas within the context of CSR and internationalization. However, many researchers state that more research is needed within the research area (Bondy & Starkey, 2014; Attig et al., 2016; Colovic & Henneron, 2018). Furthermore, so far most of the research has examined how internationalization drives CSR, but little attention has been directed towards how CSR influences the internationalization process of the firm (Khojastehpour & Saleh, 2020), such as the decisions of IMS and EMS (Andersen, 1997). Thus, this area requires more attention.

As mentioned, IMS and EMS are considered the most critical decisions affecting the firms' success in international markets, and therefore regarded as the most important and central decisions in a firm's internationalization strategy (Musso & Franciono, 2014; Shen et al., 2017; Andersen, 1997: Andersen & Buvik, 2002). Firstly, IMS refers to the selection of markets firms decide to expand to, where authors have examined factors that are believed to impact the decision (Whitelock & Jobber, 2004; Koch, 2001a; Johanson & Widersheim-Paul, 1975) Secondly, EMS have received great attention from researchers where many have examined why companies choose certain entry modes (Hill, Hwang & Kim, 1990). For example, exporting has been a common entry mode used by companies in the food industry, however, other entry modes such as wholly owned subsidiaries, acquisitions, and joint ventures have become more common (Benito and Strøm, 2000). To our knowledge, in the existing literature, IMS and EMS are rarely explicitly combined, even though their importance within the internationalization process is emphasized (Andersen, 1997; Papadopoulos & Martín Martín, 2011). Koch (2001a; 2021b) is one of the first scholars that made the connections, where a framework combining the two theoretical areas was developed. However, the author still states that more research within the area is needed, especially in various contexts.

Based on the existing research mentioned above, CSR's influence on SMEs internationalization, in particular IMS and EMS, is still a relatively new research area and

would require further attention, especially in today's competitive business climate, which SMEs face (Koch, 2001a). Food producing companies provide an interesting context to examine further, partly because the industry is becoming more internationalized (Benito & Strøm, 2000), but also due to its impact on society and the environment (Aiking & de Boer, 2004). Aiking and de Boer (2004), state that the food industry is closely scrutinized due to its large environmental impact, and as result, companies within this industry are facing larger pressures from stakeholders in terms of their CSR engagement (Colovic & Henneron, 2018). Due to this, it would be of interest to examine how companies within the food industry adapt to these pressures and see how their CSR Strategy influences their internationalization processes, with a focus on IMS and EMS.

1.3 Purpose and Research Questions

The purpose of this study is to increase the understanding of how CSR strategy can affect the internationalization process, and specifically the decisions of international market selection (IMS) and the Entry Mode Selection (EMS), within SMEs operating within the food industry. We argue that by combining CSR with IMS and EMS, we will advance the knowledge of how a CSR strategy can influence these decision-making processes, which in the end, influence the internationalization process. To generate answers to the above-mentioned purpose, the following research question has been formulated:

How does CSR Strategy influence the internationalization process for SMEs within the food industry?

With the following sub-questions:

1. How does CSR Strategy influence the international market selection (IMS)?
2. How does CSR Strategy influence the international entry mode selection (EMS)?

2. Theoretical Framework

In this chapter, a literature review will be provided, discussing the three theoretical areas relevant for this study. The first section provides an introduction to Corporate Social Responsibility (CSR) and its main features in order for the reader to receive a comprehensive picture of how CSR can be argued to be a part of a business overall strategy. Thereafter, the International Market Selection (IMS), as part of the internationalization process, is presented. Briefly, the IMS is referred to as the decision to which markets a firm decides to expand to. The IMS will be the second cornerstones in this study, and after a thorough literature review, we have chosen certain factors critical in the decision. These factors are partly chosen because of their great importance in earlier research, but also because of this study's empirical data. The last theoretical section addresses the Entry Mode Selection (EMS), and revolves around the decision of which entry mode to use when expanding to new markets. Within the EMS, the is additionally a literature review which also finishes off with highlighting certain factors, which also partly are chosen because of their importance within the EMS research, and our empirical material. Lastly, the conceptual framework will be presented and discussed, including the three areas: CSR, IMS, and EMS. The conceptual framework illustrates how these three areas are interrelated, and how the CSR Strategy could influence the decision-making process related to IMS and EMS.

2.1 Corporate Social Responsibility (CSR)

CSR can be referred to as social, environmental, and economic values that firms integrate throughout the organization in a transparent and accountable process (Galbreath, 2006; Elkington 1998). Proponents of the concept suggest adopting CSR principles and practices has a positive impact on stakeholders, society, as well as positive financial benefits for the firms (Galbreath, 2006; Burke & Logdson, 1996). However, CSR is a disputed concept, and despite its vast body of literature, and interest from practitioners and governments, it still lacks a clear definition (Carroll, 1999; Sheehy, 2015; Matten & Moon, 2008). Matten and Moon (2008) state the reason for CSR being contested is its complex nature and the lack of distinct guidelines for its application. Secondly, CSR is often used as an umbrella term, both overlapping and being synonymous with other concepts explaining the relation between business and society. Lastly,

CSR is further complicated due to its dynamic characteristics (ibid). Sheehy (2015) shares a similar view and states that CSR is both complicated and complex due to its nature but on account of the context of the problems. The three overall dimensions of CSR, the society and the ecological and economic systems, are all highly complex where CSR is closely intertwined in each (ibid).

Nevertheless, there have been many attempts to provide a definition of CSR. McWilliams and Siegel (2001) describe CSR as actions that promote social goods that go beyond the interest of the firm and those that are required by laws and regulations. The CSR activities reflect the demand and expectations of a wide range of stakeholders, ranging from society, customers, and the environment (ibid). Smith (2003) also states that CSR refers to the obligations the firm has towards its stakeholders, which are affected by the policies and practices of the firm. These examples provided by McWilliams and Sigel (2001) are similar to what Galbreath (2006) defines as *Reciprocal* or *Citizenship* CSR strategies. Reciprocal strategy is described as "enlightened self-interest", and seeks to resolve the tension between economic objectives and the expectations regarding social, moral, and environmental issues. The firms adopting this strategy are proactive, the initiatives go beyond legal requirements, and the firm wants to provide benefits for society while being profitable. The Citizenship strategy has a higher level of commitment and recognizes that the companies' stakeholders have various interests and expectations, and try to integrate these within the decision making and corporate strategy (ibid). According to Galbreath (2006) many authors have argued CSR is a strategic issue that cannot be separated from the firm's overall corporate strategy and cannot be separated.

The literature presents several reasons why firms engage in CSR activities (Šontaitė-Petkevičienė, 2015). Smith (2003) states that traditional arguments speaking in favor of CSR are related to direct or indirect economic efficiency firms can achieve by adopting CSR practices. For instance, it can involve implementing human resource practices, and avoiding pre-empting legal or regulatory sanctions by developing products or services with no negative environmental or social impact. Other arguments for CSR are related to the risk of losing legitimacy among stakeholders if it is believed the actions are not socially responsible. Reputational risk is one critical consideration for many firms, which has enhanced due to the increased visibility and criticism of business practices. Protection of the reputation and brand image has become more important due to its increased vulnerability as well as the increased market competition. (ibid). Weber (2008) presents five key areas where CSR has a positive

impact. Similar to Smith (2003), Weber (2008) also states that CSR principles have a positive effect on a firm's reputation and brand image. Furthermore, CSR also has a positive impact on employee motivation, retention, and recruitment. It can furthermore enhance profitability, through increased sales and market share, enable cost-saving, as well as reduce risk (ibid). Smith (2003) also emphasizes that another underlying reason for CSR is that firms want to make an overall positive impact on society and the environment, hence their intention is to do good.

CSR's complexity is also evident in an international context. Due to various environments, numerous stakeholders, large organizations, the relation between CSR and international business is complicated (Khojastehpour & Saleh, 2020). Cross-country and cultural differences in local institutions which regulate business activity, both covering business, but also labor and social agencies, makes it difficult to analyze the strategic implications of CSR (McWilliams, Siegel & Wright, 2006). Different institutional environments result in different expectations and different returns on the activities, and for firms operating in multiple markets this further complicates the process deciding which activities the firm should perform, as well as the size of the investments (ibid). Khojastehpour and Saleh (2020) states that research has shown that companies have not fully understood the requirements needed to simultaneously generate profits and contribute to a positive stakeholder engagement in the local communities. Nevertheless, research suggests that host countries with high sustainability awareness require firms to have a higher CSR commitment. Thus, firms should develop CSR strategies and practices that correlate with the social norms and regulations of both the home and host countries (ibid).

2.2 International Market Selection (IMS)

In this section, a literature review of theories of international market selection will be presented. The IMS process is initiated when a company decides to internationalize and ends when this decision is executed or not (Papadopoulos & Martín Martín, 2011) IMS research examines how firms select countries for expansion, which many authors argue is crucial for firms' success abroad (Musso & Francioni, 2014; Ragland, Widmier & Brouthers, 2015; Marchi et al., 2014; Górecka & Szalucka, 2013). The major part of the attention has been aimed at the EMS, which had led to that the IMS process being still fairly unexplored (Musso & Francioni, 2014;

Andersen & Buvik, 2002; Papadopoulos & Martín Martín, 2011), which is surprising, considering the importance of the IMS decisions (Brouthers & Nakos, 2005; Musso & Francioni, 2014; Budeva & Mullen, 2016; Papadopoulos & Martín Martín, 2011). There are a number of reasons stating why the IMS is essential (Papadopoulos & Martín Martín, 2011). Firstly, despite the increased process of globalization, foreign markets are still diverse, and there are major variations regarding the market features, including potential risks and profits and how these should be considered. Current market conditions are thus generally specific to country and/or to culture. Furthermore, the IMS decisions can either be made strategically, opportunistically, proactively or reactively, where an entrance to the wrong market entails costs, as well as opportunity costs due to the failure of entering the right market. The IMS could also be a crucial factor in the firm's global competitive strategy, by influencing the development of local strategies and international marketing programmes (ibid).

The IMS is included in a wide decision-making mechanism, which makes it a highly complex decision (Papadopoulos & Martín Martín, 2011). The research about IMS consists of two traditional perspectives (Anders & Buvik, 2002; Muso & Francioni 2014), which were originally presented by Papadopolous and Denis (1988). These perspectives are the systematic approach and the non-systematic approach (ibid). The systematic approach is when firms have a formal and organized structure in their decision-making process, including different statistical measures to analyze potential markets (Andersen & Buvik, 2002; Musso & Francioni, 2014; Brouthers & Nakos, 2005). According to Musso and Francioni (2014), the systematic approach is usually not used by SMEs, instead, these processes are often based on non-rational reasons with an opportunistic approach, rather than systematic strategic decisions. This is also acknowledged by Papadopoulos and Martín Martín (2011), who states that most research has demonstrated that the non-systematic approach is more common among smaller firms, since smaller firms tend to behave with a more entrepreneurial spirit and make less systematic choices. This is referred to as the non-systematic approach, which is briefly described as how firms act in practice, by being highly personalized and belief-driven (Andersen & Buvik, 2002; Marchi et al., 2014). Schweizer (2012) further contributes to this argument by stating that SMEs during the initial stages of internationalization most commonly pay attention to not losing too much resources, act opportunistically, and additionally, are controlled by emotions instead of logical arguments. However, research has also indicated that SMEs who approach

international markets in a systematic manner, appear to be more successful, compared to firms using a non-systematic approach (Brouthers & Nakos, 2005; Marchi et al., 2014). Therefore, more recent research has argued for methods that are more representative, where the two approaches are complementary rather than opposites (Marchi et al., 2014).

2.2.1 Market Selection Factors

Firms are operating in an increasingly globalized environment, resulting in major opportunities for expansion (Papadopoulos & Martín Martín, 2011). However, as mentioned, foreign markets are still highly diverse in several dimensions, which leaves the IMS decision to be critical within the internationalization process. There are various reasons for why IMS and more specifically, the market selection factors, could vary. One central aspect is the decision-makers, which most commonly are the firms' employees. Another important factor is the objective for internationalization. These two factors will automatically vary between firms depending on their size and structure. Lastly, it could also be dependent on whether the firm is expanding due to resource or market seeking arguments (ibid). In order to select suitable factors to use in this study, the following section will address factors common in earlier research.

Throughout the years, authors have tried to explain why firms choose to expand to certain markets, and often the research has focused on different factors influencing the IMS. Brock, Johnson and Zhou (2011) approach this by referring to the distance concept, and state that distance can be observed from two various levels, the external and the internal level. External distance focuses on the objective assessment of spatial, economic, and cultural distance, whereas the internal distance is influenced by the external, and encompasses the subjective and individual assessment of the perceived distance of the decision-makers (Brock et al., 2011). Whitelock and Jobber (2004) conducted a literature review of external factors that affect the selection of markets, where the objective was to identify candidate factors that explain the decision. Their reviews highlighted five factors that were believed to have high potential in explaining the decision to enter new markets, which are: *the country environment, psychic distance, market-based factors, competition,* and *information and market knowledge.* Koch (2001b) has also examined several factors that influence the IMS, both external and internal, including *strategic orientation and strategic objectives, prior international experience, country market potential*, and *similarity or proximity to overseas markets.* Based on a review of different factors provided in the literature, we have decided to further look into the following

factors demonstrated in Table I because of their earlier importance within the IMS literature, which will be further motivated before being presented below.

Table I: IMS factors

External factors	Internal factors
Market attractiveness	Compant strategic orientation and strategic objectives
The country environment	Psychic distance
Consumer behaviour	
Market knowledge and availability of data	

Table I: Presenting the chosen IMS factors from the theoretical review, compiled by the authors.

2.2.1.1 External Factors

The following external factors: *market attractiveness, the country environment, consumer behavior*, and *market knowledge and availability of data*, have been chosen because of their earlier critical input in the IMS decision process (Whitelock & Jobber, 2004; Gaston-Breton & Martín Martín, 2011; Douglas & Craig, 1992).

Market attractiveness

Magnani, Zuchella and Floriani (2018) states that economic attractiveness is one of the most important factors when deciding to enter foreign market. Market size and growth potential are often considered when discussing economic attractiveness. Market size is an essential factor, which traditionally is often mentioned within the international business literature (Johanson and Widersheim-Paulm, 1975). Market size is also considered an important factor in more recent research (Whitelock & Jobber, 2004; Gaston-Breton & Martín Martín, 2011; Koch, 2001b). Market size can be referred to as the ability to sell products, and is often measured based on the total population (Górecka & Szalucka, 2013). GDP is also a measure that positively correlates with market size (Gaston-Breton & Martín Martín, 2011). As stated by Magani et al. (2018), market size is often is discussed together with market potential or market growth, (Whitelock & Jobber, 2004; Gaston-Breton & Martín Martín, 2011), which can be referred to as the ability to sell products in the future (Górecka & Szalucka, 2013), or the

amount of sales and profits that can be acquired throughout the period in which the company is present in that market (Gaston-Breton & Martín Martín, 2011). GDP growth rate, and per capita income as well as employment rates are often believed to reflect the development of the market (ibid). Brouthers et al. (2009) state that both the economic stability within a country are factors affecting the market, which in turn is a factor for the IMS process. This is also notably in Douglas, Craig and Keegan (1982) empirical studies highlighting *economic factors* such as GNP per capita and GNP's growth rate. In general, Brouthers et al. (2009), conclude that if there is a location advantage such as economic conditions, this will ease the IMS and in the end, make firms choose suitable locations where the firm can grow.

The country environment

Whitelock and Jobber (2004), have in their review emphasized the importance of the country's environment. This can include aspects such as political stability, government intervention and regulation, market opportunities, but also culture. Whitelock and Jobber (2014) write that a country's environment, characterized by the above-mentioned factors, can be decisive in terms of how favorable the market is. Furthermore, their reviews demonstrate that technical qualities also affect the country's environment, as well as the level of the economic development. Many studies show that the institutional environment within a country is an important factor when internationalizing (Marano, et al., 2018; Ghoul, Guedhami & Kim, 2017). Magnani et al (2018) emphasize one certain aspect with the institutional environment, being the *institutional distance*. This can include *administrative distance,* which are various tools to regulate foreign companies, as mentioned by Whitelock and Jobber (2004). This does only affect the IMS but also the EMS decisions (Magnani et al, 2018).

One essential factor within the institutional environment, highlighted by Papadopoulos and Martín Martín (2011), is culture. Papadopoulos and Martín Martín (2011) write that foreign markets are characterized by being diverse, which implies that the risk will vary greatly depending on the market. As noted by Papadopoulos and Martín Martín (2011), despite increased globalization, markets are still highly affected by the country's culture. Therefore, as the authors argue, critique can be directed towards the IMS process because it always treats markets as countries, when in fact a market can be separated from countries, extending over countries' geographical locations (ibid). One specific division within culture is the food culture, which is special since food is closely connected to culture. Therefore, when firms

internationalize, they need to review their products and possibly make adaptations, both small and large, depending on the local food culture (Azar, 2014).

Consumer behavior

Douglas and Craig (1992) highlight consumer behavior as one of the essential factors when deciding if and how to expand to another country. In their article, consumer behavior has been examined based on a varied set of dimensions, including *consumer attitudes*, *consumer values*, *purchasing behavior*, and *cognitive processes.* These dimensions are furthermore connected to different national contexts (ibid). Consumer demand is also an important factor which could impact the market attractiveness, which has been discussed in previous sections. There must be an alignment between the consumer demand in the countries firms are considering to enter, and the value propositions the firms offer (Magani et al., 2018). Furthermore, Breton and Martín Martín (2011) also emphasize the importance of consumer demand, and connect it to the potential profit and expected number of sales, as a result of IMS. Koch (2001a) agrees and states that the estimated number of sales is a fundamental factor in the IMS decision making process, however, with an emphasis put on the fact that the potential of the sales are also dependent on the chosen firm strategy.

Market knowledge and availability of data

The availability of data is highly asymmetric around the world, which means that some markets will be easier to expand due to secondary data, whereas others will be more difficult and hazardous (Papadopoulos & Martín Martín, 2011). Because of this, Papadopoulos and Martín Martín (2011) argue that decision-makers will base their decisions on incomplete information. Dougas et al (1982) state that when firms internationalize and choose markets with no prior experience, they must rely on secondary sources. Furthermore, this means that SMEs must assess the *investment climate* and *market potentia*l together with the potential backside in the IMS process. Douglas et al. (1982) highlight the danger in viewing too many or too few markets in the decision-making process, and therefore emphasize the importance of the secondary data in order to have enough information about which markets are interesting to investigate further extensively. These secondary sources can be published sources explaining the market in general, or customized models based on secondary data (ibid).

2.2.1.2 Internal Factors

Among earlier mentioned IMS factors, *psychic distance* is a very well-known concept that has been discussed by numerous scholars throughout the years (Andersen & Buvik, 2002; Johanson & Vahlne, 1977; Magnani et al., 2018), which suggests that companies select markets which are familiar and thereby understandable (Anders & Buvik, 2002). However, Magnani et al. (2018) suggest that despite the objective and perceived high distance between home and host countries, the firm's business strategic objectives are also a relevant part of the IMS and the firms' internationalization process, which is included in the factor *company strategic orientation and strategic objectives*. For example, firms can receive higher returns if expanding to more distant countries, particularly if that market is strategically important (ibid). Therefore, are both *psychic distance* and *company strategic orientation and strategic objectives* critical factors in the IMS process, in order to capture two internal factors with different insight into the subject.

Psychic distance

Psychic distance, or as Johanson and Wierdsheim-Paul (1975) expressed, uncertainty about the host market, can also affect the decision to go abroad, which can be reduced if the market is more similar to the home market. The most common approach within the non-systematic approach is that firms approach markets with less psychic distance (Andersen & Buvik, 2002; Johanson & Vahlne, 1977). Johanson and Vahlne (1977) developed the term psychic distance which has various definitions, first it was referred to as the learning process in which the greater the physic distance, the greater uncertainty about the foreign market. When experience is accumulated, firms are more liberated in their choices and can then decide to expand to markets characterized by higher uncertainty (Johanson & Wiedersheim-Paul, 1975). The ability to adjust and make choices depending on the global environment and its opportunities therefore increases with experience (ibid). Later contributions by Nordstrom and Vahlne (1992) refer to it as the factors that hinder the information flow between the firm and the market, which for example could be culture, language, or level of industrial development. Grady and Lane (1996) highlight that this re-defined concept of psychic distance emphasized that the concept went from static to dynamic, where the firm managers must assess the interpretation of the different markets and their opportunities. The assumption behind the concept is that firms often initially expand to a market nearby because the geographic distance is often similar to physical distance (Andersen & Buvik, 2002).

Furthermore, the theory of psychic distance is especially applicable to SMEs and new firms because they often have less experience than an MNE (Andersen & Buvik, 2002). When using psychic distance in the IMS, firms use a *disjointed incrementalism decision-making model,* which according to the authors is simply to choose markets that the firms understand, and enter markets that are harder to comprehend when more experiences have been acquired. There are critiques against this concept, and one essential is addressed by Grady and Lane (1996) who call psychic distance a paradox because entering markets psychologically close does not imply immediate success. Furthermore, Grady and Lane (1996) argue that the concept of psychic distance has resulted in firms not being sufficiently prepared when entering markets with a low psychic distance, which can cause more negative than positive consequences. Furthermore, the authors state that the idea of psychic distance is simplified because the comparison is on a country level, and therefore exclude the heterogeneity of markets (ibid).

Company strategic orientation and strategic objectives

Koch (2001b) argues that the strategic orientation of a company will influence the IMS. The author states that companies develop strategic orientations that are reflective of their individual and group experience, values, and attitudes of their employees. Changes in the company business environment and the strategic objectives established for the company is also influenced by the company's strategic orientations. Furthermore, Magnani et al., (2018) state that strategic objectives are linked to foreign countries attractiveness for the given firm, where the firms seek to achieve an alignment between their set objectives and the possibilities to achieve those in the foreign markets they consider. According to Koch (2001b), strategic objectives could take various forms. These are dependent on the company tradition, the specificity of the industry, or management preferences and interests. The objectives could refer to having a percentage of global or local market shares, sales revenues, export of total sales, or sales revenue ratio (ibid).

2.3 Entry Mode Selection (EMS)

In this section, a literature review of theories of entry modes will be presented, as well as the categorizations of entry modes. Furthermore, different constructs and factors influencing the choice of entry mode will be discussed.

Entry modes are often referred to as how companies operate in foreign markets, and can include forms such as exporting, licensing or wholly owned production (Lin & Ho, 2019; Shen et al., 2017; Benito, Petersen & Welch, 2009). Calof and Beamish (1995) define entry modes as the institutional arrangements for organizing and conducting international business that enable firms to use their products or services in a foreign country. In the international business literature, the international entry mode has received great attention (Andersen, 1997). Entry modes are regarded as a core dimension in the internationalization process, and choosing the right entry mode is a critical strategic decision for firms which can provide competitive advantages and have significant strategic consequences for the firm, as well as impact the overall success and performance of the foreign operations (Lin & Ho, 2019; Ripollés, Blesa, Monferrer, 2012; Shen et al., 2017; Madhok, 1997; Chang & Rosenzweig, 2001).

Several theories have attempted to explain why firms prefer certain entry modes when entering foreign markets (Johanson & Vahlne, 1977; Madhok, 1997; Kogut & Singh, 1988; Anderson & Gatignon, 1986; Dunning, 1988). Schellenberg, Harker and Jafari (2018) provide a systematic literature review of the key internationalization theories explaining the entry mode decision, including the Uppsala Internationalization Model, Transaction Cost Approaches, The Eclectic Paradigm, Institutional Theory and The Resource Based View. A similar division has been made by Pan and David (2000) focusing on three main schools of thought, where the first school is based on the Uppsala Internationalization model, developed by Johanson and Vahlne (1977). The Uppsala model advocates gradual incremental involvement in foreign markets due to the inherent risks of expanding abroad, and the increase of international involvement is due to increased learning (Johanson & Vahlne, 1977; Schellenberg et al., 2018; Pan & David, 2000). Thus, a low risk entry mode, such as export is favored, and when the firm increases its experience and gains more knowledge, it will increase its resource commitment and change entry mode, which is followed by increased levels of risk and control (Johanson & Vahlne, 1977; Schellenberg et al., 2018; Pan & David, 2000). The second area of research explaining the choice of entry mode is the perspective of transaction costs, which is closely related to the internalization perspective (Madhok, 1997; Anderson & Gatignon, 1986; Schellenberg et al., 2018). According to Madhok (1997), these two perspectives are similar in their focus on minimizing transaction costs, and the conditions resulting in market failures. Both scrutinize the characteristics of a transaction to decide which is the most efficient entry mode. The main difference between the two is that internalization focuses on know-how, whereas the transaction cost perspective focuses on asset specificity (Madhok, 1997; Andersen, 1997). The

third school of thought, according to Pan and David (2000), stresses the importance of location-specific factors, which is discussed by Hill, Hwang, and Kim (1990), where environmental factors are one category impacting entry modes decisions. Another influential theory in this area is Dunning's (1988) Eclectic Paradigm, which is also stressed by Schellenberg et al. (2018) where location advantages are one of the three pillars, apart from ownership and internalization advantages, impacting the choice of entry mode.

To date, the research regarding entry modes has mainly focused on MNEs and therefore there is lack of insight regarding SME market entry (Schellenberg et al., 2018; Bruneel & De cock, 2016; Lin & Ho, 2019), however, scholars have identified characteristics that are specific to SMEs (Bruneel & De cock, 2016; Lin & Ho, 2016). According to Bruneel and De cock (2016), the most important theory explaining SMEs' entry mode choices have been the Transaction Cost theory, however, recent studies have also shown the importance of interorganizational networks, impacting the international performance of SMEs, and in particular its relation to foreign market entry mode (Stoian, Rialp & Dimitratos, 2017). Bruneel and De cock (2016) also emphasize the importance of further examining the role of entrepreneur and entrepreneurial characteristics of managers, since this has a major impact on both the general strategy of SMEs, but also the internationalization process.

Categorization of entry modes

Firms have several options on how to enter foreign markets and it is important the firm chooses the most efficient one (Anderson & Gatignon, 1986). The international business literature has often divided entry modes into different categorizations (Anderson & Gatignon, 1986, Hill et al., 1990; Pan & David, 2000). Hill et al. (1990) divide entry modes into three categories: *Licensing, Joint Ventures,* and Wholly *Owned Subsidiaries.* Each of these entry modes have different implications on the degree of control, resource commitment and the risk related to expanding into international markets. These will be explained further below. *Export i*s also a common entry mode, which is referred to as non-equity-based mode, since it does not require any equity from the company (Pan & David, 2000; Ripollés et al., 2012). Pan and David (2000) also further divide the entry modes into subcategories, where export includes, direct and indirect, where the latter includes a sales agent or intermediary. Licensing is referred to as a subcategory to *Contractual Agreements,* which also include *R&D contracts* and *alliances.* Joint ventures can be of different degrees of ownership and a Wholly Owned subsidiary can either

be *Greenfield* or an *Acquisition* (ibid). The different entry modes and their main categories are illustrated in Table II.

Table II: Categorization of entry modes

Non-Equity Modes		Equity Modes	
Export	Contractual Agreements	Joint Ventures	Wholly Owned Subsidaries
Direct Export	Licensing	Majority	Greenfield
Indirect Export	R&D Contracts	Minority	Acquisitions
Other	Alliances	50/50	

Table II: Categorization of entry modes. Self-composed table, based mainly on Pan and David (2000) and partly on Anderson and Gatignon (1986), and Hill et al. (1990).

Table III, provides the different characteristics of each entry modes, based on the degree of control it enables the firm to have over their operations, the risk of knowledge being disseminated to competitors, as well as the resources commitment each mode entails (Hill et al., 1990; Ripollés et al., 2012; Giachetti et al., 2019).

Table III: Entry mode characteristics

Entry Mode	Control	Resource Commitment	Risk
Export	Low	Low	Low
Contractual Agreements	Low	Low	High
Joint Ventures	Medium	Medium	Medium
Wholly Owned Subsidiaries	High	High	Low

Table III: The characteristics of different entry modes. Self-composed by the authors, based on Agarwal and Ramswami (1992), Anderson and Gatignon (1986), Hill et al. (1990), Ripollés et al. (2012) and Giachetti et al. (2019).

2.3.1 Factors Influencing the EMS

This research will further investigate the underlying factors that impact the EMS, and in the following sections, factors influencing the EMS will be provided. The factors are divided into external and internal factors. Table IV illustrates the factors that are of particular interest for this study, and will be further discussed in the sections below.

Table IV : EMS factors

External factors	Internal factors
Country risk	Firms size & resources
Location familiarity	Desired control over foreign operations
Sales demand	Attitudes towards risk

Table IV: Illustrating the chosen EMS factors, based on the theoretical review, compiled by the authors.

2.3.1.1 External factors

According to Ripollés et al. (2012) external factors are regularly demonstrated to have a strong influence on the decision of foreign entry mode, and it is argued the specific features of a foreign market are essential when deciding upon entry mode. Hill et al. (1990) discuss several environmental factors that have an impact on the entry mode decision and are divided as Country risk, Location familiarity, Demand, and Competitive conditions existing in a host country. These factors impact the entry mode choice through its resource commitments since firms will be more reluctant to invest in locations with high uncertainty factors (ibid). As previously discussed, Dunning's Eclectic framework (1988) has been adopted by many scholars exploring factors influencing entry modes (Agarwal & Ramaswami, 1992; Brouthers, Brouthers & Werner, 1996; Andersen, 1997). The second pillar of the framework, location advantages, explores country-specific factors, such as market potential and market risk. Locational advantages can also include sales demand, the similarity in culture, economic, legal, political, and trade politics, market infrastructure, and availability of lower production costs (Dunning & Lundan, 2008; Andersen, 1997; Brouthers et al., 1996). In markets with high potential, it is believed equity entry modes are more efficient to generate long-term profits for

the firm since these modes can enable firms to benefit from economies of scale (Agarwal & Ramaswami, 1992). However, even if economies of scale are not a significant factor, equity modes could still be the preferable choice due to its opportunity to establish a long-term market presence. Based on the literature review, Country risk, Location familiarity and Sales demand will be further explored.

Country risk

The risk associated with investing in a foreign market is related to the uncertainty over the economic and political conditions as well as government policies, which critically impact the survival and profitability of a firm's operations (Agarwal & Ramaswami, 1992). Hill et al. (1990) distinguished four types of risk related to the host country which impacts the firm's entry mode decision, the first two are political risk, such as political instability, and ownership control risk, referring to expropriation and intervention. The other two are operation risk, which includes aspects such as price control and local content requirements and transfer risk, referring to currency inconvertibility risk and remittance control. When these four risks are perceived to be high, firms could limit their exposure by reducing the resource commitment and increasing the flexibility to exit if the environment changes. Thus, when the country risk is perceived to be high, low-risk entry modes, such as licensing and joint ventures will be the preferable choice (ibid).

Location familiarity

Similar to the conception, stated by Dunning (1993), locational factors can include similarities in culture, economic, legal, political, and trade politics, Hill et al. (1990) discuss location familiarity. Location familiarity can be described as the perceived distance on culture, economic systems, and business, between the home and host country (Hill et al., 1990). If the distance is perceived to be short, this will result in greater location familiarity. Perceived distance is a function of both psychic distances, which has been covered in previous sections regarding IMS, as well as previous experience in a specific culture. The literature has argued that with greater perceived distance between home and host countries, it is more likely that firms will choose low-risk entry mode, such as licensing or joint ventures. Having limited knowledge about the local culture, economic systems, and business practices tend to make managers reluctant towards FDIs (ibid).

Sales demand

Another factor covered by Dunning (1993), and other authors referring to the Eclectic Framework (Andersen, 1997; Brouthers et al., 1996; Agarwal & Ramaswami, 1992) is the sales demand, which is also further elaborated upon by Hill et al. (1990). Hill et al. (1990) state that when the future demand in a host country for a product is unknown, a firm may be hesitant to make large investments in that country. If demand would change in a host country, a firm could face significant sunk costs if the firm has invested extensive resources in that country, which would decrease the firm's flexibility to reduce capacity. The uncertainty of demand is the greatest in early or declining industries, consequently, it is suggested that firms favor low resource commitment when the industries are in a declining or an emerging stage (ibid).

2.3.1.2 Internal Factors

Several authors have discussed internal factors which influence the choice of entry mode. When examining internal factors, many authors have discussed ownership advantages, which is a part of Dunning's Eclectic framework (Andersen, 1997; Brouthers et al., 1996; Agarwal & Ramaswami, 1992). Brouthers et al. (1996) define ownership advantages as firm-specific competitive advantages possessed by the firm and can include products and services that cannot be duplicated easily, holding of experiential or financial resources which enable entering to otherwise unavailable markets. Several authors discuss aspects through which ownership advantages are developed (Agarwal & Ramaswami, 1992; Brouthers et al., 1996; Andersen, 1997). Three aspects are particularly recurrent, and which are also specifically discussed when talking about entry mode decisions in relation to SMEs. These include Firm size, International Experience and the Ability to develop differentiated products (Lin & Ho, 2019; Agarwal & Ramaswami, 1992; Brouthers et al., 1996; Andersen, 1997). Furthermore, three underlying factors have also been particularly discussed throughout the literature, and it is firms' attitudes towards risk and risk dissemination, control, as well as the availability of resources (Agarwal & Ramaswami, 1992; Hill et al., 1990; Koch, 2001b). Hill et al. (1990) provides a thorough explanation of the concepts, where these are also portrayed as three underlying constructs that influence the EMS and other factors, such as firm size, and international experience. Koch (2001b) also discusses the importance of these three concepts, and refers to them as internal factors since these are considerations specific to the firms.

Based on these theoretical viewpoints, Firm size will will be discussed more thoroughly, together with resource commitment, and the reason for this is that the availability of resources

is often correlated with the size of the company (Ripollés et al., 2012; Lin & Ho, 2019; Koch, 2001b). Second, the concept of control will be further discussed, as well as attitudes towards risk.

Firm size and resources

Firm size can often be viewed as an indicator of the competitive advantages the firm possesses, including financial, physical, human, technological or organizational resources, and these assets are the driver of the firm's competitive advantage (Lin & Ho, 2019). Larger firms have a better capability to absorb high costs and risks related to market expansion, and are thus more likely to choose high resource commitment modes, such as a wholly owned subsidiary or joint venture (Lin & Ho, 2019; Agarwal & Ramswami 1992). Smaller companies often have fewer options regarding entry modes, since they are constrained by limited resources, and therefore entry modes with high resource commitment are not consistently feasible (Koch, 2001b).

A wholly owned subsidiary requires the highest resource commitment since the firm owns all assets and consequently needs to carry all of the costs followed by opening and serving a foreign market (Agarwal & Ramswami, 1992; Anderson & Gatignon, 1986; Hill et al., 1990; Ripollés et al., 2012). Exporting and licensing are low investment modes, which do not require extensive resource commitment (Ripollés et al., 2012; Agarwal & Ramswami, 1992). A joint venture takes place in between the previous entry modes in terms of resource commitment and is dependent on the structure of the ownership split and the shared resources (Hill et al., 1990; Agarwal & Ramswami, 1992; Ripollés et al., 2012).

Traditionally, it has been argued SMEs and firms such as international new ventures (INVs), should choose entry modes with low resource commitment whenever possible in order to deal with the fact that they often have limited resources, as well as overcome the risk of establishing in foreign markets (Ripollés et al., 2012; Lin & Ho, 2019). Instead studies have shown that INVs are willing to adopt high resource commitment modes from the beginning, and this non-traditional approach is also included in their competitive strategy (Ripólles et al., 2012). This development is also discussed by Lin & Ho (2019), who states that scholars have reported examples of SMEs choosing high-commitment entry modes when first entering markets.

Desired control over foreign operations

Control can be regarded as the ability for a firm to influence systems, methods as well as decisions, and therefore has a critical influence on the future of a foreign firm (Anderson & Gatignon, 1986). Hill et al. (1990) refer to control as the authority the firm has over operational and strategic decision-making. Control determines how much influence and authority a firm has over its foreign operations, and with a lower degree of control, it is more difficult for firms to control activities such as coordination, strategy implementation, and dispute resolution (Anderson & Gatignon, 1986; Giachetti, Manzi & Colapinto, 2019) Export of goods provide the lowest degree of control, followed by contractual agreements, whereas a wholly-owned subsidiary entails the highest level of control (Giachetti et al., 2019; Hill et al., 1990; Agarwal & Ramswami, 1992).

Attitudes towards risk

Hill et al. (1990) discusses dissemination risk, which is the risk of firm-specific knowledge spreading to partners or competitors. Firm-specific know-how enables firms to gain a competitive advantage (ibid). Exporting and a wholly owned subsidiary faces the lowest risks of dissemination and is higher in licensing and joint ventures (Agarwal & Ramswami, 1992). In licensing, the licensee or employees can use and exploit the firm-specific know-how for their own purposes, and in joint ventures, the partners can expropriate the knowledge (Hill et al., 1990).

2.4 The IMS and EMS are interdependent

IMS and EMS are highly interdependent, but according to some researchers, such as Papadopoulos and Martín Martín, (2011) the IMS process takes place before choosing the entry mode, and therefore has a great impact on the decision. This is based on the reasoning that if a firm wishes the EMS to be a wholly owned subsidiary, the IMS must have selected countries in which this is possible. Therefore, even Papadopoulos and Martín Martín, (2011) write that the decisions alone are highly essential for the internationalization to be prosperous, the IMS and EMS combined are more critical. Therefore, more researchers argue that the IMS and EMS appear simultaneously. Musso and Francioni (2004) further emphasizes that the IMS and EMS should be considered to be the firm's essential decision for the foreign success. The researchers add that even though earlier literature has viewed these two processes as separate, whereas the IMS decision leads to the EMS decision, however, Musso and Francioni (2004) argues that

these two processes are interdependent, which also Koch (2001a; 2000b) concurs. These two decisions should rather be interpreted as one, whereas the two decisions are made in the same time period (Musso & Francioni,2004).

2.5 Conceptual Framework

In order to receive an understanding of how CSR strategy influences the IMS and EMS, and thereby answer the research question "How does CSR strategy influence the internationalization process for SMEs within the food industry? ", the conceptual framework is based on the literature review where important features of each theoretical field, CSR, IMS and EMS have been presented. The conceptual framework is divided based on the theoretical themes of IMS and EMS, which have been presented in the literature review. Each theoretical theme has external and internal factors that, according to the literature, have an impact on the IMS and EMS. These factors will be the foundation when analyzing the connection to CSR, and if the CSR strategy has an impact on how these factors are considered.

Each part of the framework will be discussed, starting with a brief summarization of CSR strategy. This is followed by an overall explanation of the relationship between CSR, IMS and EMS. Thereafter, a brief discussion of IMS, including the external and internal factors will be provided, followed by a similar discussion of EMS.

2.5.1 CSR Strategy

As previously demonstrated, CSR is a complex concept, which lacks a distinct definition (Sheehy, 2015; Matten & Moon, 2008), however, in general terms it can be referred to as social, environmental, and economic values that are incorporated in a company in an accountable and transparent way (Galbreath, 2006). CSR activities are often described as actions that go beyond the interest of the firm and what is required by law, which can be referred to as proactive CSR strategy. Furthermore, companies also recognize the interests and expectations of their stakeholders, and try to incorporate those within the corporate strategy and decision making, which is referred to as The Citizenship strategy (Galbreath, 2006; McWilliams & Siegel, 2001; Smith, 2003). The inclusion of both, social, environmental, and economic values, while having a Proactive and Citizenship CSR strategy is the foundation, when referring to CSR strategy, in this study.

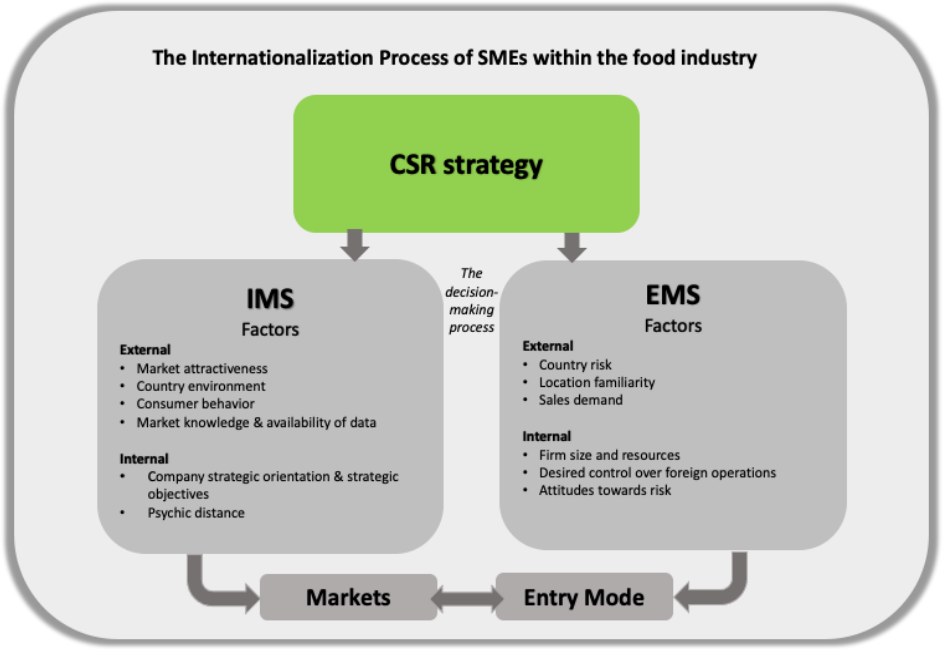

Figure I: The CSR Strategy box within the conceptual framework, compiled by the authors.

2.5.2 The Relationship Between the CSR Strategy and IMS and EMS

The relationship connecting the three theoretical areas is based on the reasoning that having a proactive and a Citizenship CSR strategy, as described by Galbreath (2006), will influence all strategic decisions, since it is argued to be a part of the overall corporate strategy (ibid). As stated by Melin (1992) internationalization is an essential part of the overall strategy process of the firms, where IMS and EMS are two critical decisions (Andersen, 1997). Therefore, a company's CSR Strategy will influence the IMS and EMS decisions, which is illustrated in the conceptual framework below, see *figure II*.

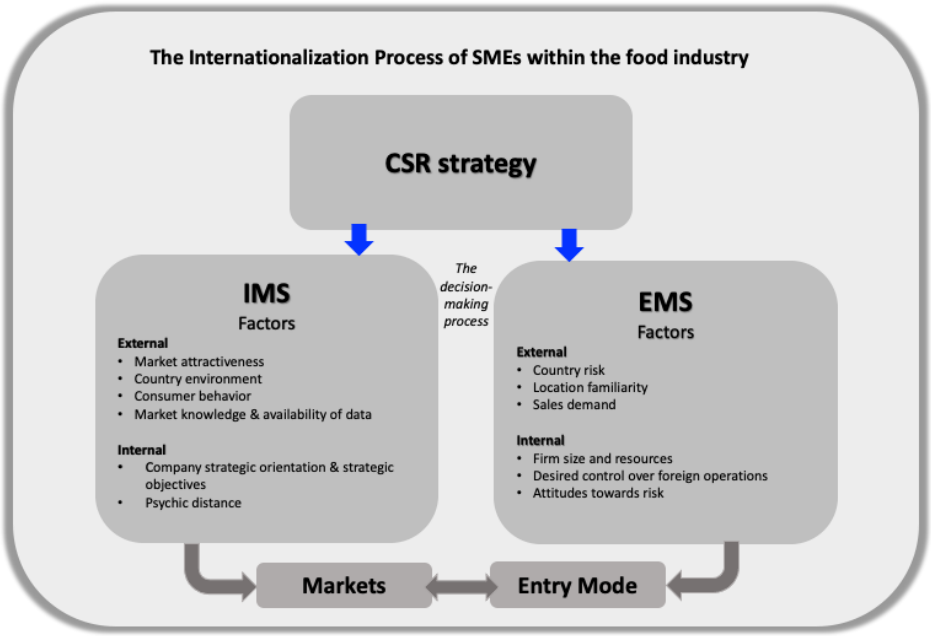

Figure II: The CSR Strategy's influence within the conceptual framework, compiled by the authors.

Another aspect of the relationship is that some scholars view IMS and EMS as decisions that take place simultaneously. Koch (2001a) argues there is a mutual relationship between the two, and that these two need to be viewed as two aspects of the same decision process. Thus, these two are placed next to each other in the framework.

2.5.3 CSR's Influence on the IMS

Based on the above mentioned reasoning of the conceptual framework, the CSR Strategy will influence the decisions related to the IMS process, which is necessary in order to answer the first sub-research question "How does CSR strategy influence the international market selection (IMS)?". To summarize, the IMS consists of choosing the international market to expand to and as mentioned earlier the IMS is a part of a firm decision-process (Papadopoulos & Martín Martín, 2011). The most common approach is to regard IMS as either a structured process or a non-structured process (Andersen & Buvik, 2002), but regardless there will be factors influencing the decision. These factors have been separated into internal and external factors, in accordance with earlier research (Brock et al., 2011).

The internal and external factors included in the conceptual framework all have an impact on the IMS decision-making process, which in turn, is affected by the CSR Strategy, as stated in the underlying assumptions made in *2.5 Conceptual Framework.* However, as mentioned, the research is scarce regarding the relationship with CSR, and how a CSR Strategy can potentially affect the factors, is therefore not given. However, in order to analyze how CSR Strategy influences the IMS process, the influence on these factors must be considered.

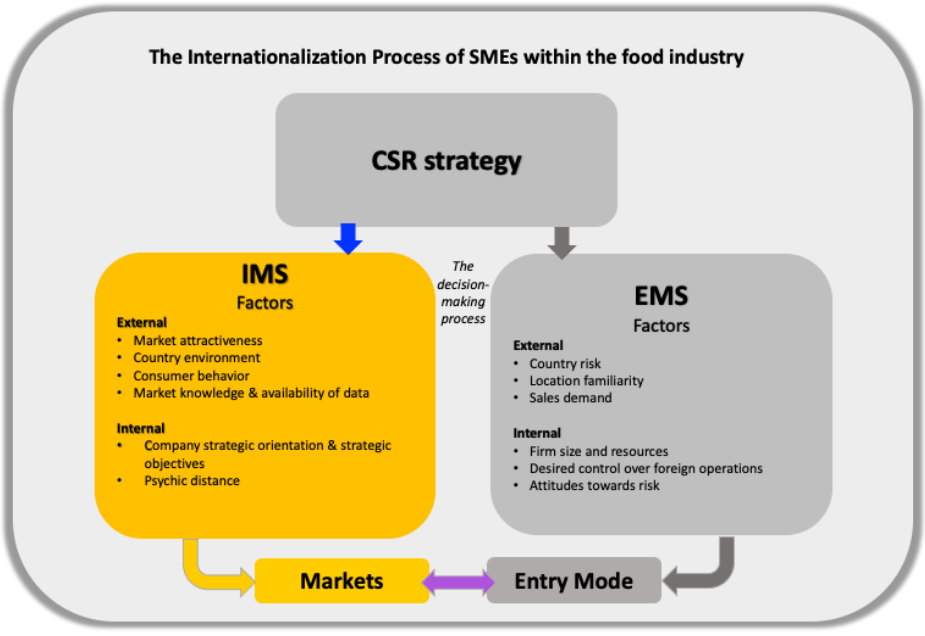

Figure III: The IMS box within the conceptual framework, compiled by the authors.

The chosen external factors are as can be seen in the conceptual framework, see figure III, have as stated had a great impact on the IMS decision (Whitelock & Jobber, 2004; Gaston-Breton & Martín Martín, 2011; Douglas et al., 1982; Douglas & Craig, 1992), and will arguably continue to have that. Furthermore, the external factors characterized by more objective features, have an impact on the internal factors, which are more related to the firms' subjective understanding (Brock et al., 2011).

The internal factors, have another approach than the external ones, by having the point of view from the firm's internal view by focusing on decision mechanism within the company (Andersen & Buvik, 2002; Johanson & Vahlne, 1977; Magnani, Zucchella & Floriani, 2018). Overall, the CSR Strategy impacts both the external and internal factors, in accordance with Galbreath (2006) reasoning together with Melin (1992) and Andersen (1997), however how the influence is carried out, remains theoretically unknown.

Lastly, the core goal for the IMS process is to end up in the most suitable country for expansion (Musso & Francioni, 2014; Ragland, Widmier & Brouthers, 2015; Marchi et al., 2014; Górecka & Szalucka, 2013), which is illustrated in the conceptual framework by the arrow from the IMS to Market.

2.5.4 CSR's Influence on the EMS

To answer the second sub-research question "How does CSR strategy influence the international entry mode selection (EMS)?". When considering Galbreath's (2006) and Andersen (1997) arguments, the company's CSR Strategy is also an important dimension when discussing firm internationalization, where the entry mode decision is an essential part (Andersen 1997; Shen et al., 2017; Agarwal & Ramaswami, 1992). Thus, it is reasonable to suggest the company's CSR Strategy will affect the choice of entry mode decision.

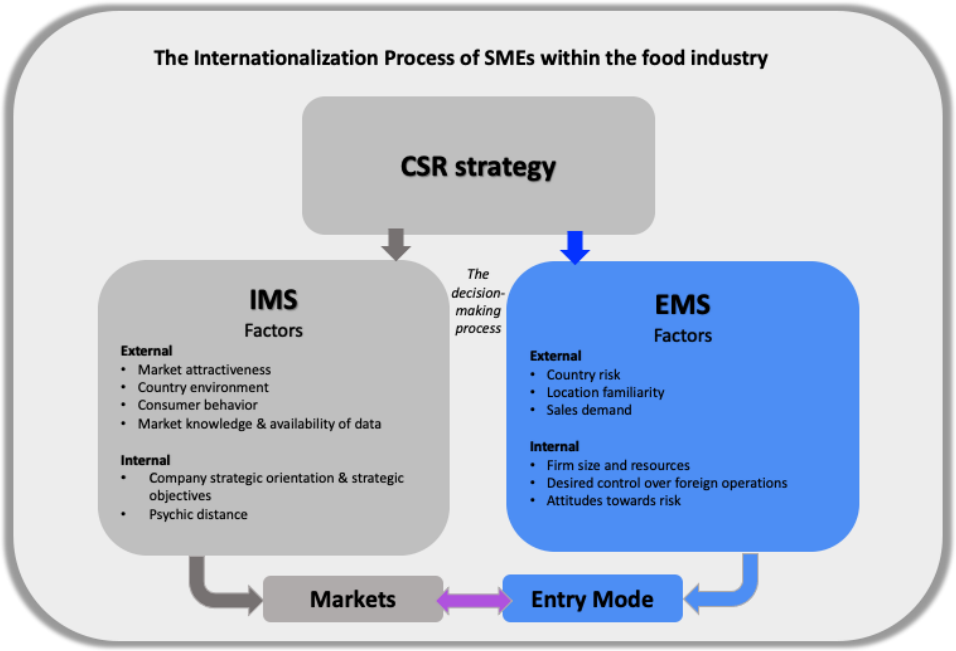

Figure IV: The EMS box within the conceptual framework, compiled by the authors.

To summarize, the EMS involves choosing an entry mode, which can be referred to as how a company operates in a foreign market (Lin & Ho, 2019; Shen et al., 2017; Benito, Petersen & Welch, 2009). The entry mode is an essential part in the internationalization process and is a critical decision, which can provide a competitive advantage and can impact the success of the foreign operations (Madok, 1997; Shen et al., 2017; Chang & Rosenzweig, 2001). Entry modes can take the form such as export, contractual agreements, joint ventures, or a wholly owned subsidiary (Pan & Tse, 2000; Anderson & Gatignon, 11986; Hill et al., 1990).

The external and internal factors that have been identified in the literature, which are included in the conceptual framework, all have an impact on the EMS decision. Firms can consider and evaluate these differently depending on their strategic outlook. Since these factors are often discussed in terms of EMS; and based on the arguments by Galbreath (2006) and Andersen (1997), it is of relevance to analyze how CSR strategy influences these factors. Similar to the IMS, the literature regarding the relationship between CSR Strategy and the EMS is scarce, and there is limited knowledge regarding the relationship between these, and the relationship is not evident.

The external factors have in the literature often been demonstrated to have a strong influence on the EMS. The external factors are not directly related to the firm; however, these are specific features of the foreign market that often are considered in the EMS (Ripollés et al., 2012; Hill

et al., 1990). These are illustrated in figure IV. In the literature it has been demonstrated that firms select specific entry modes, depending on how these are perceived by the firm (Agarwal & Ramaswami, 1992; Hill et al., 1990; Brouthers et al., 1996). The internal factors and its impact on the EMS have also often been discussed in the literature (Agarwal & Ramaswami, 1992; Hill et al., 1990; Koch, 2001b, Lin & Ho, 2019). The internal factors included in the conceptual framework are illustrated in figure IV.

The last component of the conceptual framework is the choice of the entry mode. As mentioned, the choice of entry mode can have a great impact on the overall success of the foreign operations, as well as providing a competitive advantage (Madok, 1997; Shen et al., 2017; Chang & Rosenzweig, 2001).

2.5.5 The Conceptual Framework

To summarize, all the components of the conceptual framework have been presented and the final framework is illustrated in figure V. By using this framework as a foundation, we can provide an understanding of how CSR strategy influences the Internationalization process of SMEs within the food industry.

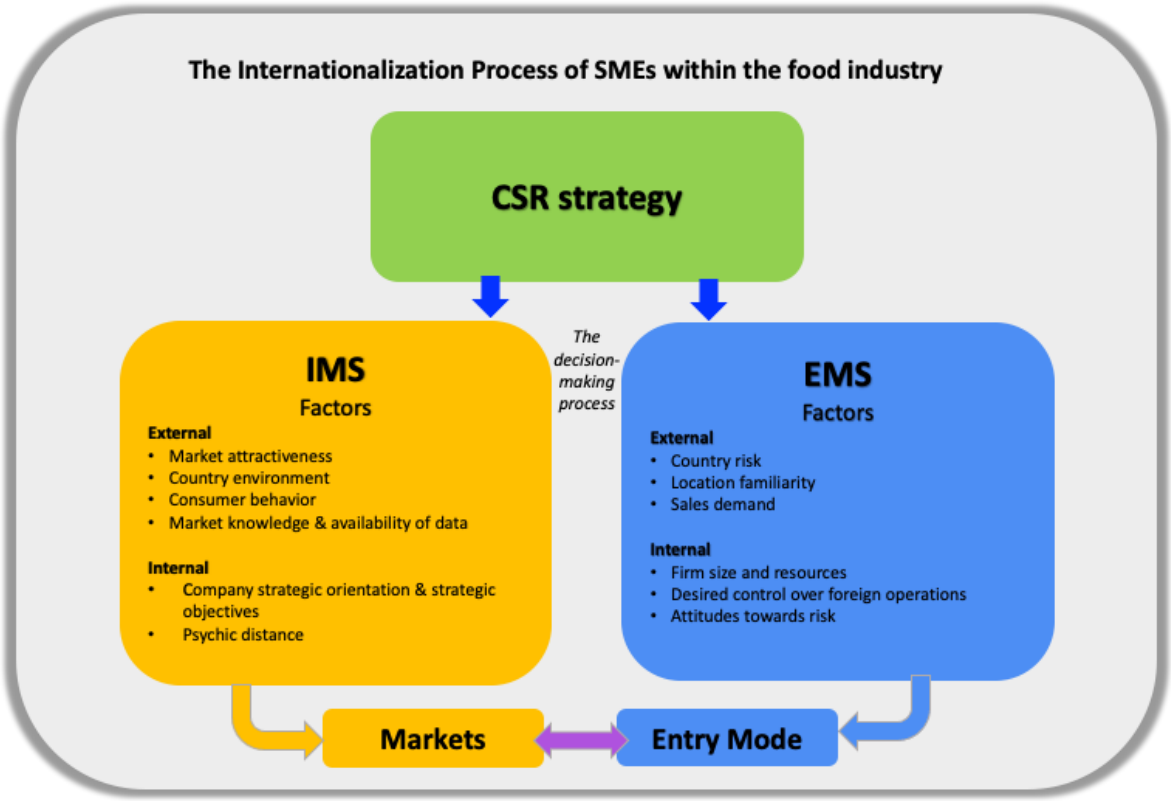

Figure V: The Conceptual Framework, with highlighted components, compiled by the authors.

3. Methodology

In the following chapter, the methodological choices made in the study will be elaborated upon and explained.

3.1 An Abductive Research Approach

Because of this study's exploratory research questions due to a scattered literature foundation, and innovative approach, the chosen research strategy benefited from an abductive reasoning (Ong, 2012; Alvesson & Sköldberg, 2018). An abductive research approach is when the researcher alternates between theory and the empirical findings, in order for the two sections to correspond (ibid). Our research approach has had both elements of deductive and inductive reasoning, which therefore made abductive reasoning the suitable choice (Ong, 2012). This was determined already from the start when we established our research question, which is exploratory in its nature. In our study, the research area was the starting point, and therefore initially shaped the study in which the empirical data would align with the theoretical ideas, thus the work started with a more deductive approach (Marschan-Piekkari & Welch, 2004; Alvesson & Sköldberg, 2018). However, when writing the theoretical chapter, the empirical material was steering the direction, which traditionally can be seen as an inductive approach (Alvesson & Sköldberg, 2018; Bryman & Bell, 2019). In Dubois and Gadde (2002) article, the authors explain abduction by their own concept called *systematic combining* which explains the connection between the *empirical world* and the *model world*, where the content of the empirical world and the model world shapes one another. This is what is seen as an abductive research approach in studies (ibid). Since our purpose is to investigate how CSR has an influence on the internationalization process, with a focus on IMS and EMS, it was both perforce and beneficial to use an abductive research approach due to its flexibility, which suited the scattered and unexplored research area.

3.1.1 Qualitative Research

Research strategy can be divided into quantitative and qualitative (Bell et al., 2019) and in accordance with the purpose of this study, a qualitative research strategy has been utilized. As the purpose of this study is to increase the understanding of how CSR strategy influences the Internationalization Process, and in particular the IMS and EMS, a deeper understanding of the

underlying factors impacting these decisions was required. Qualitative approach was therefore believed to be the most suitable option. According to Marschan-Piekkari and Welch (2004), qualitative research goes further than addressing the *what,* but rather aims to understand the meaning and opinions underlying action, the *why* and *how*. This is aligned with our research questions that addresses the *how.* Furthermore, the authors state that qualitative research contributes to being an essential part of international business literature, however, still constitutes a fairly small group within the international business research field. However, qualitative research has the ability to provide answers to complex problems and issues, which are often typical for research within the international management research field. This is due to the potential of abstracting rich data which enables the researcher to get more relevant results regarding the 'soft' inter-relationships that can be distinguished between core factors (ibid). We argued adopting a qualitative research strategy was the best alternative in order to understand the interrelationship of how CSR influences IMS and EMS.

According to Eriksson and Kovalainen (2015), qualitative researchers are often faced with the argument of how they can assure the quality and trustworthiness of their research. Qualitative research has often been criticized for being too reflective of the researchers' subjective and impressionistic interpretations (Bell et al., 2019: Eriksson & Kovalainen, 2015: 303; Mohajan, 2018). These claims rely on the assumption that qualitative findings are too intertwined with the researcher's unsystematic views regarding what is perceived as essential and important (Bell et al., 2019). Other issues related to qualitative research often highlighted by critics are, it is difficult to replicate, is non-generalizable, and lacks transparency. The difficulty of replication is due to the central role the researcher has in collecting data, which is influenced by the researcher's preferences. Qualitative research and its findings are often argued to be limited and not generalizable, which is due to the impossibility to make empirical generalizations of a population based on a case study. However, according to others, this is not the intention with qualitative case study research. The criticism of lack of transparency is due to the difficulty of following what the researcher did and how (ibid). This criticism towards qualitative research, and how to ensure the trustworthiness of this study will be addressed in the last section of this chapter.

3.2 Research Design

The choice of performing qualitative research led to adopting a comparative case study as the research design. A case can be seen as a study object where the idea is to gain knowledge both by gaining insight about the case, and secondly, by the analysis and reflections (Ghauri, 2004). In accordance with this perspective, our study had internationalization processes as study objects, which therefore can be seen as our cases. Furthermore, Ghauri (2004) highlighted that case studies are beneficial when the research area is scattered and provide inadequate direction, which was the problem we initially were exposed to. Therefore, this study had an exploratory approach, expressed by initiating each research question with *how,* which according to Yin (2014) speaks in favor of a case study methodology. The original approach when conducting a case study is to perform a single case study, however, the research design can also be executed with several cases (ibid). For our study, we decided one case was inadequate to challenge and expand the theories, and answer our research questions, thus a *multiple case study* was executed since we believed several cases would give both a wider and deeper understanding of the phenomena. By examining and analyzing several cases, we can provide more relevant insight and recommendations for other researchers, as well as managerial implications. However, the choice of having multiple cases was also due to the comparison we wanted between the cases, hence, our aim was to find out how the case differs and how they are similar, hence, focusing on capturing a wide perspective. Within multiple case studies, there are different designs to use whereas one focuses on the similarities and differences between the various cases (Yin, 2014). This approach also shares characteristics of a *comparative design*, where the aim is to capture the contrasts in the various cases, rather than focusing on each case's uniqueness (Marschan-Piekkari & Welch, 2004). To conclude, our research design was a comparative case study, performed with several cases, with inspiration from both the traditional multiple case study and the comparative design (Yin, 2014; Marschan-Piekkari & Welch, 2004).

3.3 Developing a Theoretical Framework

The study was initiated with a thorough review of the existing literature on internationalization and the combination with CSR. The articles and theories used in this study were identified through online databases such as *Supersearch* at the Gothenburg University Library and *Google Scholar*. When searching for relevant articles, we used keywords applicable for each theoretical theme used in this study, and reviewed the content of the articles found by the search result. The keywords were initially rather general such as *CSR, internationalization process*,

internationalization of SMEs but were then more specific, for example, *International Market Selection*, *Entry Mode*, *CSR* and *Internationalizatio*n, when we had established the areas of interest. This approach enabled us to gain a comprehensive overview of the literature within each theoretical area, and when finding an article relevant for our study, the article's reference list was also reviewed to find similar articles used within the research area. Furthermore, we also used a data program called, *Publish or Perish,* where the same logic was applied. In addition to academic articles, books were also used when suitable. All articles used in this study were *peer reviewed*. This criterion was adopted in order to ensure the scientific quality of the articles used in our theoretical chapter, as well as in our conceptual framework. Thereafter, when substantial knowledge was attained, the choice to define and delimit the study was made which resulted in focusing on two areas of the internationalization process, the IMS and EMS because of their strategic foundation in the internationalization process which fitted with how CSR also can be seen as a strategy. CSR together with IMS and EMS therefore became the foundation for the theoretical chapter and constitutes the main components of the conceptual framework.

3.4 Sampling and Data Collection

In this section our sampling process and the criterions used to choose the appropriate sample will be presented. Next, the process and considerations of our data collection will be discussed.

3.4.1 Sampling

Since our purpose is to understand how CSR strategy influences internationalization processes, we were interested in examining different internationalization processes. The selection of the internationalization processes was twofold, and according to Bell et al. (2019), it is common to combine various types of sampling methods, and this is particularly relevant to multiple case studies, where researchers first need to select cases, and then must sample units within these cases. Due to this, the selection of the internationalization process was divided into two steps, with different approaches to sampling. The first step included looking for companies that would set the company context in which the internationalization processes take place, which was based on predetermined criteria. This is defined as *criterion sampling* by Bell et al. (2019). The second step was to select interview respondents and were based on *convenience sampling* (Bell et al., 2019).

When selecting study objects to take part in a study it is important to determine the extensiveness of the data collection process (Cleary, Horsfall & Hayter, 2014). According to Bell et al. (2019), deciding sample size is one of the problems qualitative researchers need to consider. According to Cleary et al. (2014) the size of the sample is determined by what you want to know, the purpose of the research, and what will be useful. Too few participants could risk inadequate depth and breadth, but having too many could instead produce superficial or unmanageable volumes of data. Enough amount of information is determined by *redundancy* or *saturation*, where the former is described as the process of conducting interviews until no new concepts or themes appear, or when the concepts are repeated. The latter is achieved when all questions have been explored extensively, and no new concepts or topics arise in the subsequent interviews (ibid). Our study is based on nine interviews representing nine internationalization processes, lasting on an average 45 minutes each. It was evident in the last interviews that similar topics or concepts were brought up in the interviews and most talked about the same parameters.

The Internationalization Process

When selecting companies, we based our decision on four criteria which are illustrated in the table below, see table V. Firstly, the company needed to fit the criteria of being characterized as a SME, which was based on the European Commission (EC, 2021). Secondly, the company needed to be active in the food industry, which is broad due to the complexity of the food industry supply chain (Maloni & Brown, 2006). Thus, we chose being a manufacturer or seller, or both. Thirdly, the companies needed to be internationalized, which could be both having operations or selling products abroad, or both. Lastly, the company needed to have a sustainability strategy incorporated in overall corporate strategy, and working actively with sustainability issues. Roughly 50 companies were connected which matched these criteria, however, and depending on the response from the firms, contact was established potential interview respondent, which will be further explained.

Table V: Selection Criteria

Companies need to be a characterized as a SME
Companies need to perate witin the food industry, either as a manufacturer or seller to retailers/distributors, or both.
Companies needed to be internationalized, that is, having operations or selling their products in international markets, or both.
Companies need to have a sustainability strategy incorporated into the business and work actively with sustainability issues.

Table V: Illustrating the selection criteria used when making our sample.

We decided that it would be most suitable if both we as researchers and the respondents decided if the criteria's was fulfilled, and before we contacted any companies, we checked the firms' website and other social media such as LinkedIn and Facebook, if there was any CSR policy displayed. The firms with an available policy, which could either consist of an annual report or simply a statement on the website stating that the firms worked with sustainability. In our initial contact we explained in written text that it is crucial for the firms to work proactively with their CSR strategy, and then the firms should choose if they thought they matched the criteria and asked the firm to choose the suitable employee or if that employee was contacted directly. According to Bell et al. (2019), *criterion sampling* is a type of *purposive sampling*, which is the most common approach in qualitative research. *Purposive sampling* is in turn a form of non-probability sampling. Common for these approaches is that the sampling is conducted by taking into account the goals and purpose of the research so that the units of analysis are chosen based on criteria that will answer research questions. This was considered when formulating our criterion for our sampling, so that they were of relevance for our purpose, as well as being able to give answers to our research questions.

The interview respondents

The second part of selecting interview respondents was to find the most suitable employee, who possessed the knowledge required to answer our questions. The initial step was executed by online research, which consisted of examining the companies' websites as well as other social media channels such as LinkedIn to search if we could find an employee that was

appropriate four our purpose. This can be regarded as convenience sampling, which is described as, when researchers search for study objects that are easily accessed (Bell et al., 2019: 190; Adams et al., 2007). Since the study's focus and research questions were established before the sampling process, we knew which knowledge areas the respondents needed to possess. However, it was not clear which specific job positions the respondents needed to employ. Therefore, we summarized an email explaining the purpose of study which we sent together with the inquiry to participate. The respondents could therefore decide themselves if they were relevant for the study, and whether they wanted to participate. If not, we were often passed on to another employee they believed had the suitable knowledge. In some cases, we were also forwarded to other companies believed to be more suitable. This approach can be viewed as *snowball sampling* (Bell et al., 2019; Adams et al., 2007), snowball sampling is a type of convenience sampling where the researcher makes an initial contact with a small number of people that are relevant to the study, and then uses these contacts to form contacts with others. There are variations regarding the positions of the respondents, where some are more strategically involved, whereas others have different roles. However, the various roles instead gave us different insights into how CSR can influence the internationalization process because all respondents had something to add to the discussion. Furthermore, since the companies used in this study are SMEs, and many are also newly founded, the respondents that participated had a good understanding of the overall strategic processes of the company, even though they had other roles. In the end, we had nine interviews that lasted around 45 minutes each. Three of the nine respondents are not currently employed by a SME within the food company matching our criteria's, but were still included in the study, because they still have the prior experience of the business and industry. In order to be clear to the reader who these respondents are, we placed them at the end, naming them G, H and I, and introduced them in a slightly different manner in the *Results*.

In table VI presented below, a summarization of each respondent and through which digital tool the interview took place, as well as date of the interview. The respondents were kept anonymous, because of the mixed preference, and therefore, we believed the best alternative was to anonymize all respondents. Furthermore, since we are solely interested in the job position, the names of the respondents were not required and thus not included in the study. In addition, we also believe each respondent was able to talk more freely when the name of the company was left out, which provided us with rich and in-depth answers. According to Bell et al. (2019) there are difficulties regarding anonymity and qualitative research, where the

consequences of failing to protect anonymity can be damaging. The usage of pseudonyms is a common practice, but still, it does not eliminate the risk of identification. Anonymity can also be problematic when conducting the analysis of the data, due to the difficulties of presenting notes and interview transcripts that do not reveal the identities of people and organizations. These issues were considered when compiling the result as well as the analysis, in order to prevent the possible identification of the companies in the result and the analysis.

Table VI: Interview respondents

Internationalization Process	Role	Communication tool	Date
A	Business Developer	Zoom	2021-03-22
B	CEO & Co-founder	Zoom	2021-03-24
C	Head of Strategy & Business Development	Zoom	2021-03-25
D	Area Manager Export	Zoom	2021-04-08
E	Sustainability Manager	Phone	2021-04-09
F	Vice President	Zoom	2021-04-15
G	Operations Manager	Zoom	2021-03-23
H	Senior Project Leader	Zoom	2021-04-08
I	Senior Innovation Manager	Zoom	2021-04-16

Table VI: Table demonstrating basic information about the interviews, compiled by the authors.

3.4.2 Data Collection

In the following section the process of how the collection of primary data will be explained.

3.4.2.1 Semi-structured Interview

When exploring the options for data collection methods that would align with our purpose of increasing the understanding of how CSR strategy influences the internationalization process, we decided qualitative interviewing was the most appropriate choice for collecting primary data (Lune & Berg, 2017; Qu & Dumay, 2011). Since we are interested in understanding the insights and thoughts behind the decision making of each internationalization process, the qualitative interviewing had the best possibility to generate both deep and a broad understanding of the phenomena. This is aligned with the characteristics of qualitative

interviewing, which aim to capture the respondent's perceptions of his or her experiences, and get an understanding of the in-depth motivations for the respondents' feelings or behaviours (Bluhm et al., 2011; Adams et al., 2007; Lune & Berg, 2017; Adhabi & Anozie, 2017). Flexibility and the ability to have a dynamic dialogue was desired, in order to receive in-depth answers, specific and detailed for each internationalization process. Therefore, the interviews were conducted by using a semi-structured approach (Qu & Dumay, 2011; Bell et al., 2019). A semi-structured interview is based on an interview guide, with predefined questions, however, the interviewer is not restricted to follow the structure of the guide meticulously and is free to rearrange the order and add questions throughout the interview (Bell et al., 2019; Lune & Berg, 2017; Qu & Dumay, 2011; Adhabi & Anoize, 2017). Thus, a semi-structured approach enabled the respondents to give elaborated and in-depth answers that were not originally deliberated when constructing the interview guide, providing additional knowledge and information on certain aspects and themes. This is also in line with the abductive approach used for this study, since the unexpected empirical findings, not accounted for initially, were utilized to make alterations in the theoretical framework.

Interview guide

When we constructed the interview guide, we based our questions with the prerequisites to provide us with the knowledge required to answer our research questions. Therefore, we organized the interview guide based on the theoretical themes used in study, in the following order: CSR, IMS and entry modes, and questions were formulated for each theme, see Appendix I and II. This approach is suggested by several authors who state that the research questions should be the guidelines for the interview guide, and the interview guide should be organized based on themes and topics, where relevant questions for each theme are developed (Lune & Berg, 2017; Qu & Dumay, 2011; Bell et al., 2019). The questions were constructed in a non-specific manner in order for the respondents to talk freely about the topics, and thus as aforementioned give more elaborated and reflective answers, which is promoted by the literature (Bell et al., 2019; Lune & Berg, 2017). We also included introductory questions that were of an informative character, in order to receive a background of each respondent and start the conversation. Since the respondents had different positions, we believed it would be important to put their answers into a context. This approach is encouraged by scholars (Bell et al., 2019: 440; Lune & Berg; 2017; Adhabi & Anozie, 2017) who argue having a section of introductory or demographic questions, asking general information about the respondents, is

useful in order to contextualize the respondents' answers, and also to develop a connection between the interviewer and the respondent. Since our respondents have different nationalities, we had two interview guides, see Appendix I and II. One was written in Swedish, since the majority of our respondents were of Swedish origin, and one in English for those not fluent in the Swedish language. When constructing the questions, we tried to ensure that they were equivalent in both languages by keeping the question broad and open-ended, in order to prevent steering the conversation in different directions, depending on whether the interview was conducted in Swedish or in English, since this could problematize the compilation of the result.

Interview setting and transcription

Due to the ongoing global pandemic, the interviews were conducted online, through the video communication program *Zoom*, which also enabled us to easily record the interviews. One interview, however, was conducted through telephone and was also recorded. Before the interviews started, we asked permission to record the interviews, and all respondents agreed to the request. Technological and internet connection could potentially affect the quality of the interview, as well as lack of familiarity of the digital tools used (Bell et al., 2019). All respondents were familiar with working with digital tools, however few interviews had some technological problems, although it was easily sorted, and the interviews could proceed with minor disturbances. Even though it is suggested face-to-face interviews are better to create a connection between the interviewer and respondent, there is little evidence supporting the claim that interviewer's capacity to form a bond is reduced by online interviewing (Bell et al., 2019). However, due to the minor technological problems there were in some instances, small friction on the dynamic of the interview. Overall, the connection between the interviewer and the respondents was satisfactory, creating a relaxed and dynamic environment.

For each interview it was decided that one of us should be in charge of asking the questions, whereas the other had more of an observant role and took notes, as well as asking follow-up questions when needed. This enabled the interviewer to have full focus on the respondent and the conversation, whereas the other had a more meta perspective, and could therefore after the interview give a summary of how the interview, and based on the notes provide a good picture of which areas were covered. This is beneficial as it provides an outsider perspective according to Gioia et al. (2013).

As mentioned, each interview was recorded with permission from the respondents. This enabled us to go through the interviews and transcribe the content. By doing this we could easily get an overview of the material, and it enabled us to extract exact citations, which facilitated the compiling of the result, and the analysis of the data. Transcribing and recording the interviews has several advantages, since it enables a more thorough examination of the answers provided by the respondents (Bell et al., 2019). Since several of our interviews were conducted in Swedish, we tried to be as accurate as possible when translating to capture the essence of the answers, and mitigate the risk of giving an incorrect interpretation.

3.5 Data Analysis

Qualitative data can be as knowledge-adding as quantitative data, however, a well structured data analysis is needed in order to maintain a high scholarly correctness (Gioia, Corley & Hamilton, 2013). Qualitative research has been criticized because of the non-systemic approaches towards the data, although this critique has been criticized in turn when qualitative research has become more legitime (Bluhm et al., 2011). When it comes to the analysis of the data, it is, as many studies have demonstrated, difficult to separate the process of interviewing with the analysis, because they often take place simultaneously (Gioia et al., (2013). Furthermore, many things are taking place at the same time, which makes it necessary to apply a certain analysis method in order to find structure in this stage of overload of information. Because of this, we were inspired by the model from Gioa et al. (2013) which separated the analysis into sequential stages, and thereby going from a broad perspective to a narrower one to distill the empirical material. When we present the empirical findings, this is done in the result section, which separates the various internationalization processes, and each internationalization process receives its own presentation. However, in the analysis, the sections are structured by first viewing the IMS external factors, followed by the IMS internal factors. The same structure was applied to EMS parts. In this way, we initially divide the empirical themes to either be part of the IMS or EMS analysis, or both, which Gioa et al. (2013), recall is beneficial, however, without any attempt to distill the empirical findings. Thus, empirical findings were allowed to be scattered and without any clear connection to the theoretical ones. In this structure, it was possible to both capture within case analysis together with cross case analysis. Each Internationalization Process is analyzed separately, however within a specific context, as explained above. This was performed in order to capture the width of each Internationalization Process, however, still contrasting the cases to each other by

demonstrating how they differ. Thereafter, when the different themes were created and filled with the relevant empirical data, we added the theoretical insights to each factor, in order to analyze the empirical findings with the theoretical concept and therefore give the reader our interpretation. The analysis was based on the conceptual framework, and therefore the analysis whether or not the conceptual framework could be validated. Lastly, the analysis led to a conclusion which could answer the research questions.

3.6 Quality of Research

In the following section a discussion of the quality of the research will be provided. This includes considerations regarding the scientific strength of this study. Furthermore, a discussion of the ethical considerations is also presented, followed by reflections regarding the methodology used for this study.

3.6.1 Scientific Strength of the Qualitative Research

Even though there are issues regarding qualitative research that could affect the trustworthiness and quality of the research, there are methods used for testing the and evaluating the research and to ensure the authenticity and trustworthiness (Eriksson & Kovalainen, 2015; Bell et al., 2019). Bell et al. (2019) suggest four criterions: *credibility, transferability, dependability* and *confirmability,* that measure the trustworthiness of the study. These are alternative approaches to test the strengths of the qualitative research compared to more classical approaches, such as reliability and validity (ibid).

Credibility

Credibility, similar to internal validity, focuses on whether the researchers' observations correspond with the theoretical dimension (Bell et al., 2019). That is, credibility is the truth of respondents' views, and the interpretation and representation of the observations made by the researcher (Cope, 2014). Thus, it is important to get an accurate representation of the population being studied (Cope, 2014; Bell et al., 2019). Even though the qualitative study is limited in representing a large part of the population, and is limited in its generalizability (Bell et al., 2019), we still believe we will provide a certain degree of analytical generalization (Yin, 2014). Our sampling was made based on a set of criterions in order to get an appropriate sample of study objects that would enable us to answer our research questions and fulfill our purpose.

Transferability

Transferability refers to whether the findings are relevant in other contexts, situations and circumstances (Bell et al., 2019: Mohajan, 2018). This measure is achieved if the results of the research have a purpose for individuals that are not involved in the study, and that the reader can relate to the result (Cope, 2014). Therefore, researchers should provide enough information regarding the research context, so that readers can assess whether the findings are valuable and transferable. This measure is dependent on whether the aim of the research is to make generalizations of the phenomenon being studied (ibid). Since the purpose of this study is to increase the understanding of how CSR strategy influences the internationalization process, it can be argued this study is to some degree transferable and valuable to other situations and contexts.

Dependability

Dependability is similar to reliability, which is the degree a study can be replicated (Bell et al., 2019: Cope, 2014). In order to ensure the trustworthiness of the research, and achieve dependability, adopting an *auditing* approach is suitable (Bell et al., 2019). This entails keeping complete records of all the different phases in the research process in an attainable manner, which can then be accessible by peers (ibid). Throughout the research process we have gathered and stored all data and material used for this study, which can be easily accessed if requested. Furthermore, throughout this chapter, we had a transparent approach when describing our research process and the decisions we have made.

Confirmability

Bell et al. (2019), states that confirmability is concerned with the objectivity of the study. It should be evident that the research has had good intentions and that the researcher has minimized the influence of their personal values and tendencies, which otherwise could impact the empirical findings. Throughout the process we have opted to be transparent with our own values and interpretations, and not let them influence the study. This was particularly important when conducting the interviews, where we tried to have a neutral outlook when steering the interview and asking the questions, and minimize the influence we could have on the respondents and their answers. This was also considered when constructing the interview guide. We ensured that all respondents could review their transcripts from the interviews, and remove parts if they disagreed with the transcript and citations or decided some parts needed

to be removed due to confidentiality. However, after the respondents' approval they did not have any further influence on the study.

3.6.2 Ethical Aspects

Researchers, including Bryman and Bell (2011) and Lune and Berg (2017), as well as institutes such as the Swedish Research Council (2017) provide suggestions and recommendations on ethical qualitative research. An ethical research style involves being critical and self-aware (Bryman & Bell, 2011; Lune & Berg, 2017), which is also required in order to demonstrate a *good research practice* (Swedish Research Council, 2017). The respondents included in the study, were asked with a written request, and the participation was thus voluntary. In the inquiry of participation, a brief description of the purpose of the study was provided, in order to give the respondents a greater understanding and opportunity to make a well-informed decision before accepting to take part in the study. This was done in order to prevent the participants from feeling like they did not have all the necessary information beforehand, which is referred to as preventing *deception* by Bryman and Bell (2011). Furthermore, we began the interviews by asking for permission to record the interviews, and ensured that the recorded material would only be intercepted by us, in order to mitigate the risk of what the authors refer to as *lack of informed consent* (ibid). This made the respondent more assured that the material would not be shared with non-authorized, and thereby preventing any *invasion of privacy* (ibid).

As mentioned, we also asked if the respondents wanted to be anonymous, and whether they wanted the study objects, hence the various internationalization processes, to be unnamed. We received mixed responses, where some agreed to be published, whereas others were more reluctant. To avoid having a mixture of real and fictitious names, which could confuse the reader, we choose to keep both respondents and study objects anonymous.This could potentially hurt a study's credibility, however, in order to be in accordance with the ethical considerations, and in specially what is expressed as *harm to participants,* which translates into no respondent should in any manner be damaged by the study (Bryman & Bell, 2011), we did not want the fictitious name to be separated from the non-fictitious ones. If we were to emphasize which case names were fictitious, it would direct extra attention towards them, which would be unproductive. Lastly, all respondents were given the possibility to receive the transcripts before the report was published in order to correct citations, often called *respondent validation* (ibid), this opportunity was used by some of the respondents. This is also an example

of how we carefully considered the ethical considerations throughout the research process. *Respondent validation* is also beneficial in order to prevent the researchers to over-interpret the result, which can be a pitfall according to the Swedish Research Council (2017).

4. Results

In this chapter, the empirical data, received from the nine interviews, is presented. The chapter is divided based on each Internationalization Process. The first six processes are set within a context of the company, therefore a description of the Company context and the CSR Strategy will be provided. The reason for this structure is to receive a more comprehensive picture of the context, in which each Internationalization Process is taking place, as well as the features of the CSR strategy. For the last three cases, a description of the company context and CSR strategy is not included, since these are not specific to a particular company context and CSR strategy, however, a perspective on CSR strategy is included. Secondly, the findings regarding International Market Selection (IMS) and Entry Mode Selection (EMS), of each Internationalization Process will be presented. By having this division, the reader will get a detailed description of each Internationalization Process.

4.1 Internationalization Process A

In this section the company context and CSR strategy will be presented, in which Internationalization Process A takes place. Further, the empirical findings regarding the IMS and EMS will be presented.

Company Context & CSR Strategy

Internationalization Process A is taking place within a company founded in the Netherlands. The company produces plant-based meat products, based on soy and lupine protein. The company was founded based on the idea of reducing meat consumption as a solution to tackle climate change, because of today, people are becoming more aware of the positive effects of plant-based meat products, and its potential as a solution to climate change. The business model in Internationalization Process A is built around sustainability and sustainability goals. The goal is expressed to incorporate all levels of the company, as well as working with sustainability standards, that steer the work and the products. Furthermore, Internationalization Process A, there is not only focus on creating values for the shareholders, but for all the stakeholders. It is important if a company aspires to be sustainable that it permeates the whole organization, stated in the following quote "*If you claim to be a company which tries to tackle climate change and then ship all your products in one time-use plastic only [....] it's a little bit contradicting and not a really convincing selling story.*" (Business Developer, 2021-03-22).

Selecting Markets

The goal of Internationalization Process A is to be the biggest actor in the world within their segment. The strategy is to enter country by country, and as of today, the firm is currently present in many markets in Asia, including China, Western Europe as well as markets in Latin America. The respondent states that the company is looking for markets that can work as a hub, and from there support a large region. This was one of the reasons for entering China. This is also aligned with sustainability principles expressed in Internationalization Process A, by minimizing the impact transportation wise.

Market size is regarded as an important factor when examining markets to enter, in Internationalization Process A. If growth is wanted, it is necessary to find a market and an environment that can provide the right circumstances for growth, both being a large market with a suitable location in order to have sustainable logistics. The UK is of particular interest for Internationalization Process A, since it is a big country, and the segment of plant-based food is large. Another market that was of interest due to its size was the German market, which also has a relatively high demand for plant-based meat. Overall, emphasized in Internationalization Process A, is that there must be a customer demand, in order for the company to expand to new markets. Furthermore, the influence of similarities between markets was also mentioned. Since Internationalization Process A descends from Dutch context, it is easier to expand to European countries, such as the UK and the German market since they are more similar in culture and eating habits: *"I just think those countries are quite similar to the Dutch culture and eating habits"* (Business Developer, 2021-03-22). However, this has not prevented entrance into Asian and Latin American markets. Latin America has a very strong meat culture, and demand for plant-based products is increasing, due to increased awareness of the positive impacts of plant-based food. China is a large market that also has specific eating habits. The aim when entering China was to learn more about the public and the specific preferences.

Selecting Entry Modes

In Internationalization Process A, market entrance was usually made through a Quick Service Restaurant (QSR) deal. This was the approach used when entering China, which was through a partnership with a fast food restaurant, where the aim was to get more familiar with the public

in china. The products are shipped from multiple locations throughout Europe, and they are currently, as mentioned, in the process of looking for local sourcing programs in the Asian region. It was stated in Internationalization Process A, that the choice of entry is dependent on the size of the market, where regional hubs were preferred, in order to supply one region from one location. This is also a common approach for competitors, where many competitors have opened up factories in the Netherlands in order to scale up production throughout Europe. The reason for this is to increase the ability to react fast to changes in demand. The reason companies open production facilities in local markets, is partly due to sustainability, in order to minimize the process of shipping their products across continents: *"...for example, a company based in the US does not need to ship from the United States to Europe or to China because that's not sustainable"* (Business Developer, 2021-03-22). Other reasons for setting up production facilities in foreign markets is to become a part of a network, which can help the growth of the company. Furthermore, it is expressed that having a local production or a local R&D center can also assist the company to understand food cultures and different tastes.

4.2 Internationalization Process B

Next, Internationalization Process B will be presented, following the similar structure

Company Context & CSR Strategy

Internationalization process B descends from the context of a Swedish company producing snacks based on nuts and dried fruits. The original idea was created due to a thesis project, which started in 2011, however the sales were initiated in 2013. There are five employees in Sweden, and around 1000 involved in the production of the products. Within Internationalization Process B, there is no separate CSR department in the company structure, but rather their whole business idea is based on what they perceive as being sustainable. The business idea is to create work opportunities in West Africa, by producing dried snacks based on nuts and dried fruits. Apart from competition, no work with intermediaries is carried out, which would transport the products across different locations before reaching the end consumer. Instead, directly from the first step of cultivation, there was an aim to create as many job opportunities as possible, where the resources used originate from West Africa, and then sold in large volumes. Therefore, within Internationalization Process B, the products are not marked as high-premium products, instead, the price is relatively low, with the aim of selling

large volumes, in order to create job opportunities in the locations in West Africa, and thereby conducting business with a sustainable approach.

The business model of Internationalization Process B is driven by an identified need, from a sustainability perspective, where they made use of resources that were currently wasted. When business was first started, only cashew nuts were used, however, when they were in West Africa, an abundant resource of Mango was noticed. Due to this, it was decided to make use of the mango in the best way possible. From a sustainability perspective, they decided to dry it, which increases the durability of the product. In addition, the process of drying the product created more employment. It was expressed by the respondent as a distinct example, where a need is identified from a sustainability perspective, which then led to the decision to utilize the mango, since it is a redundant resource that can create job opportunities, rather than finding a gap or demand for selling mango. Normally, it is the demand that drives what products companies start selling. Since the business model in Internationalization Process B is based on the idea of creating job opportunities in West Africa, this is the guideline always returned to when facing difficult choices or situations: *"…as long as we sell our bags, it is good for us, and for our farmers"* (CEO & CO-founder, 2021-03-24).

Selecting Markets

The company is present in Sweden, Norway, Denmark, Finland, South Korea and the UK. The company first sold their products in the Swedish market, and later expanded to Norway. The expansion to Norway was explained by an opportunity for them to get their products into stores that had the same owners as some of the stores in Sweden. This approach was also used when they entered South Korea, where they partnered up with one of the affiliates to H&M, where their products were already available in the Swedish stores. The affiliate wanted to have the same concept in South Korea. Even though the expansion to South Koreas was performed due to an opportunity, South Korea is perceived as a suitable country, due to its market size, high average income, and a large interest for products within this segment. Factors such as market size and demand for sustainable products are two essential factors. According to Internationalization Process B, high average income is correlated with an interest in sustainability, since if you have more money to spend, it is more likely you will prioritize spending money on sustainable products. Currently, many products that are characterized as sustainable, are generally more expensive, and therefore people with a lower disposable income

will not prioritize or afford purchasing these products. For example, the respondent states that they are a company that sells snacks or an alternative for candy, and in many cases, it is a lot cheaper to buy candy or crackers than dried fruit: *"In the end, we sell snacks, or an alternative to sweets, and it is much cheaper to buy sweets than dried mangoes"* (CEO & CO-founder, 2021-03-24).

The UK is regarded as a particularly important market. The size of the market is one important factor, high sustainability awareness, demand for sustainable products, but also it's close connections to Ghana, which is an old English colony. However, the entrance to the UK market has been complicated due to the effects of Brexit, which they did not anticipate when the negotiations were initiated a couple of years ago. Furthermore, expanding to Western European countries is easier, compared to for example a Western African country. The process of understanding the customers and which structure exists in order to sell a product will be more difficult, and therefore the administration part will be more time consuming. It is easier to expand to countries that are similar in their way of doing business and share similar values. However, since their business is built on the idea of creating job opportunities in West Africa and selling as many products as possible, the company would never turn down an opportunity to sell their products, even if there are larger differences between the home and host country. The US market is currently an expectation. Even though there are many similarities, the US market is known for its bureaucracy, which makes it difficult to enter. The size of the market is also regarded to be too big, and the company does not currently have the capacity to provide the market.

Selecting Entry Modes

Since the production is located in Ghana, and all of their products are shipped from there, markets are entered through exporting. Due to the business model, where the aim is to create job opportunities in West Africa, the production facilities will always be located in that area, and due to the products having long durability, it is possible to ship the products across the world. Therefore, other alternatives is not an option, because this would deviate from the original business idea.

As mentioned, when entering Norway and H&M it was done through partnerships. When expanding to South Korea, the entrance to that market was through a partnership with H&M

and one of their affiliates. In Sweden the products can be found in convenience stores, which are Norwegian-owned, and therefore it was an easy process to get into the Norwegian market. Furthermore, since their main goal is to sell large volumes of their products and create work opportunities for their farmers in Ghana, and by selling their products they are sustainable, they do not put attention to the sustainability engagement of their partners: *"…it is pretty nice to have that co come back to, we put very little into how our customers run their business, as long as we sell our bags, it is good for us and for our farmers"* (CEO & CO-founder, 2021-03-24).

4.3 Internationalization Process C

Next, Internationalization Process C will be presented, following the similar structure

Company Context & CSR Strategy

Internationalization Process C, is taking place within a Swedish company producing plant-based meat and dairy products. The company is an affiliate to a family-owned company with a long history of working with locally sourced resources. Sustainability is an essential part of their business and this is also evident in the affiliate where the main resource used in their products is a common crop to cultivate in Sweden, which is sourced from local farmers. The affiliate is younger than the parent company, but since its founding, 10 years ago, sustainability has been a given cornerstone.

The company has a holistic approach towards sustainability, and it consistently influences their decision making. The aim is to include the sustainability approach throughout all the operations, from the natural resources until it reaches the end consumer. They want the product to be the next generation of plant-based food products. Currently, there are a many vegan products in the market that have poor nutritional content and perform poorly regarding environmental aspects. Instead, they want their products to have positive net effects, and: *"re-generate the plant, our health, by eating and drinking"* (Head of Strategy & Business Development, 2021-03-25) in each step throughout their business.

Selecting Markets

The company is present in Sweden, Iceland, Norway, Denmark, Spain, The Netherlands, Italy, and Hong Kong. The goal of Internationalization Process C is to be one of the major players within their segment, and they have a *"go, go, go strategy"* (Head of Strategy & Business

Development, 2021-03-25), where they want to be present in as many markets as possible. Their initial strategy has been to penetrate markets that are easy to access and gain market share, which led them to focus on the Nordic countries (Denmark, Norway, Finland, and Iceland). This is partly due to cultural aspects, where there are a lot of similarities. However, food is very culturally specific, and there are differences between countries that are similar in other aspects. Nevertheless, all the Nordic countries share many similar characteristics and there is a high probability that these markets will have a high demand for these products, without having to make alterations to the products. The Nordics are also known to be test-markets, due to being advanced in their work with sustainability and the environment, the demand for plant-based products is high. This is related to both an awareness of the climate but also health.

Outside of the Nordics, another factor that is highlighted is how *mature* the markets are, which mean the demand for plant-based and sustainable products. Finding out the size of the plant-based segment is often very complicated, and the data is not always available. Therefore, some markets can be neglected since they lack information about these markets. However, the demand and the size of the market, together with cultural aspects are the main factors that are examined. Due to limited resources, it is easier to expand to markets that share similarities, because then there are no surprises, and it is a less risky option.

Furthermore, the reason for expanding to a certain country can also be due to opportunities, such as finding a distributor that wants to take the product to a specific market: "*...it is often helpful for us as a company, if an opportunity arises that increases the chance for us to get into that market"* (Head of Strategy & Business Development, 2021-03-25). This was the case when expanding to Hong Kong, where a Swedish importer has built a segment for Swedish brands. This was also the case when entering Italy, which was done through a co-branding with a local brand. Italy has a very strong food culture, and is very patriotic and traditional, which makes it very difficult for foreign food brands to enter the Italian market.

Selecting Entry Modes

The main approach to enter markets is through exports. Currently, all production is located in Sweden and from there all products are shipped to the other markets. When entering markets, they most commonly use some sort of intermediary. It could be an agent, distributor, or

wholesaler depending on the situation. Since the company is limited in terms of size, it is easier to operate in the Nordic markets, where the way of doing business is similar:

> *"…we are a limited organization, in terms of size, and if you take a local market, like the Nordics, the way of doing business work in the same manner. There are not any huge surprises [....], and it is not that far away, and therefore not so hard for us to operate in. But, as soon as the distance increases, and before it reaches huge volumes, it is quite convenient to have some form of intermediary, since they know the market"* (Head of Strategy & Business Development, 2021-03-25)

When choosing an intermediary or a distributor it is important that these can represent the brand and are aligned with the company values. Since they sell a product that has a positive sustainable impact, they want their partners to have a similar outlook. This is also something they emphasize when choosing suppliers.

The company will not be investing in a multibillion factory in the coming years, instead they will utilize the production capacity that already exists and focus on exploring the possibilities of licensing as an approach to enter new markets. There are actors that have the production capacity and the knowledge to produce these products, and thus they see an opportunity through partnerships, where they would export the necessary ingredients, and then a licensing partner would produce the products in other markets. This is also viewed as the most sustainable option, and eco-friendly way to enter new markets, since they would utilize equipment and facilities that already exist.

As mentioned, they have also entered the market through partnerships, which was done when entering the Italian market. The Italian company is a large player within the vegetable sector, and wanted to enter the plant-based meat segment. Since they did not have the knowledge on producing these products themselves, they wanted to start a partnership.

4.4 Internationalization Process D

Next, Internationalization Process D will be presented, following the similar structure

Company Context & CSR Strategy

The company is a Swedish, family-owned business that produces bread. The company has existed for 140 years, and the goal is to exist for another five generations. This goal is closely

related to their view regarding sustainability. If they want to survive for another five generations, being sustainable is essential: *"By having such a long time frame, you realize quickly that the business you run must be sustainable, it is very fundamental for both the owners and the entire business"* (Area Manager Export, 2021-04-08). Sustainability permeates the whole organization, which also was the personal incentive for the respondent to start working at the company. The company has four focus areas regarding their sustainability work, which are, *Transports, Packaging, Energy* and S*ustainable commodities.* These areas are where they have the largest environmental impact. For example, the company has invested in its own wind turbines in order to only be dependent on renewable energy, and has also made sure that around 90% of their transportations is railway based. There is a railway track connected directly into the factory, and from there all the supplies and products are transported. The products are shipped to central warehouses, and then transported the last distance by trucks.

The sustainability approach is not solely focused on the environmental aspects, but also emphasizes the importance of economic and social sustainability. Due to the company having a stable and sustained profitability, it has laid the groundwork for their sustainability work. Their sustainability influences all their decision making, which has led them to turn down offers if it cannot be supported by their sustainability approach.

Selecting Markets

The company is present in Sweden, Norway, France, Finland, Germany, the UK and Switzerland. Iceland and the Baltics have been more sporadic. The company has a strong entrepreneurial spirit and when starting their expansion phase, they based their decision on where their product has strong cultural connection, as well as where there is demand for the product. This, for example, made them expand to France. Their focus has been on Western Europe. One of the reasons for this is that countries that are geographically close are often more similar in culture, and there is an understanding of how things are interpreted, which makes it easier to have business activities in those countries. The presence of contact networks in the Nordic countries also made it easy to access markets.

Furthermore, within Internationalization Process D, a request to start selling their products in other parts of the world is one explanation for their expansion. They have also had collaborations with a large Swedish company that have sold their products in their stores, both

in the US and in Asia. However, due to the company's strong sustainability focus and their goals of sustainable and effective transportation, they have decided they can be sustainable and efficient in exporting to Western Europe. Due to this they have not initiated any export to Asia, Middle East or the US. They do not have a policy that forbids exporting to markets with longer geographical distance, however, when being requested to expand such markets, they believe the transports will be more expensive but also unsustainable. They have also refrained from entering certain markets, due to for example corruption, or markets that are very different or distant from our values. This is also a reason for the company's focus on Western Europe, which is believed to be more similar in these aspects.

Selecting Entry Modes

The majority of the products enter other markets through export. They use an intermediary, such as a distributor or re-sellers who buy the products and then sell them to the local customers. The reason for exporting is to find new growth opportunities, since they already have a large market share in their home market. Starting up production or other types of entering markets is not an option: *"…for us as a company, our two locations X and Y, they are the heart of our operation, so we have not really considered at all that we could license our method, or our production to any other markets. That is not something we have considered"* (Area Manager Export, 2021-04-08). Exporting is feasible due to their process of freezing its products, which increases the durability of the products, and enables them to export its products longer distances, compared to competitors that do not use that method.

4.5 Internationalization Process E

Next, Internationalization Process E will be presented, following the similar structure.

Company Context & CSR Strategy

The company is a Finnish, family-owned company, which produces baked goods and sweets. The sustainability strategy is structured based on four different sustainability goals. The first one is that they are going to reduce their carbon dioxide emissions by 50%. The second goal is that they will cut their food waste by 50%, and both these goals are until 2030. Furthermore, they also have a goal that they call 100% sustainably sourced. It is related to procurement where they measure how many of their suppliers have signed their code of conduct. They also have focus areas on raw material, which are essential for their business, such as cereals, chocolate,

palm oil, soy, eggs and fish. In those areas they have put additional sustainability focus. Their last goal is called “more plant-based”, and it is not numerical, but more a strive to launch more plant-based products on the market.

The sustainability goals were defined based on a materiality analysis and they view these as one of the cornerstones in order for the company to succeed: *“...sustainability is a very important part of our strategy going forward. We look at it as one of the cornerstones for us to succeed*” (Sustainability Manager, 2021-04-09). Their work is under constant development and new questions arise continuously, where some are manageable, whereas others are more difficult. The respondent said they have a fairly holistic view regarding sustainability, however, there are some functions within the business that have not come as far as other parts. Their business consists of several different areas where some are more mature in their sustainability work. The sustainability strategy is set by the company group, and therefore they have a top-down perspective regarding their sustainability strategy. However, the goals are implemented throughout all parts of the organization and are built from the bottom.

Selecting Markets

The company has production in Sweden, Finland, Russia, Lithuania, and Latvia, and has sales in Sweden, Finland, Norway, and Denmark. They also have minor sales activities in Japan. The largest two markets are Sweden and Finland, where Finland is the core in the company and have been for 140 years. They have been present in Sweden in different types of organization for a long period of time, mostly through acquisitions of Swedish brands. The reason for their large presence in Sweden is because they are very closely related markets, they act in similar ways, and customers are present in both the Swedish and the Finnish market. Second, the next step in their expansion has been Russia and the Baltics, due to its geographical proximity and also because they are relatively similar markets.

In general, similarities in institutional aspects are important when expanding to new markets, particularly markets where sales activities take place. It is important that their corporation and business model fit the systems that characterize other markets. For example, the manufacturing process is similar in Norway, Finland, Sweden, and Denmark, where they are present and the requirements for the products are also closely related in those markets. Differences and product

requirements can vary considerably, for example in the US, Japan, or China, which makes it more complex to be introduced in such market.

When expanding to other markets they have a comprehensive division of sustainability related questions to assess whether the acquisition is sustainable or could be integrated sustainable within the company: *"...there is a whole section of sustainability-related issues, to assess whether that acquisition is sustainable, or perhaps can be integrated sustainably into our business"* (Sustainability Manager, 2021-04-09). However, sustainability is not the highest priority when choosing markets, it is therefore not the deciding factor on whether to choose that market or not.

Selecting Entry Modes

The company enters new markets through acquisitions. However, it is not the first approach used when entering a new market without having previous experience. Instead, the first step is to export the products and create a demand for the products. This process is done through a sales company. The reason for this is that local sales companies possess knowledge about the local market, which they do not: This approach was used when they entered the Japanese market: *"This was done in Japan as well. Sales companies have specialized in working with companies, like us, that want to establish in that particular market "(*Sustainability Manager, 2021-04-09). Using a local sales company is also sometimes necessary in order for it to be profitable and ensure that it is sustainable from an economic perspective. Based on the variations regarding the product requirements, it can be very difficult to have production or sales activities, in locations that vary considerably from the home market. The product gets too specific for that market, and it is difficult to get the budget to add up. This was something they encountered in their attempt to enter the US market. Therefore, an intermediary, such as a sales company, that has specialized in working with companies that want to establish themselves in certain markets is a useful approach.

When working with a local sales company, sustainability issues or not prioritized and it is not something they consider when choosing partners:

> *"...if you were to sell through a sales company, which is a way to expand, then sustainability is not necessarily that prioritized. Rather, it can be a requirement from the actor that decides to sell our products in the local markets, depending on their*

product portfolio, and how they have profiled themselves to be a sustainable sales corporation" (Sustainability Manager, 2021-04-09).

4.6 Internationalization Process F

Next, Internationalization Process F will be presented, following the similar structure.

Company Context & CSR Strategy

Internationalization Process F is taking place within a small Swedish company that was founded in 1992, and they sell high-quality Norwegian Salmon. Their most important issue when it comes to sustainability, is to have sustainable farming practices, both from an environmental perspective, which considers the environmental impact, but also from an ethical perspective. Since they are working with living animals, they are highly concerned regarding how the animals are treated, what kind of nutrition they get, and use of antibiotics. Their philosophy is that the best quality products are received, when they have large areas to move, and live a life similar to free animals. The putting down of the animals is also very important, to minimize the pain and stress, and therefore different measures are in place to ensure this is very minimal. They are very strict from where they source their product, and they only use one supplier, so they can be certain they purchase the most sustainable option that is available on the market:"*...the biggest focus we have on sustainability is to ensure that we have the best raw materials that are kept in the best way…"* (Vice President, 2021-04-15). Another environmental aspect they are looking into, is their packaging, which consists of a large amount of plastic and paper. Even though they are very comfortable and certain that their supplier acts in accordance with their sustainability view, they still have to be vigilant, and ensure that the animals are treated in the best way. If the supplier would start to compromise the animal's welfare, this would be evident in the quality of the product. However, the respondent states it is more about being vigilant, rather than it is an actual challenge.

Selecting Markets

Their main market for the company is Sweden. Other markets where they are present, constitute minor shares, and the reasons for their presence in those markets are due to requests by specific customers. These include, France, Germany, Dutch, Denmark, England, Singapore, Hong Kong and the Maldives.

The company has a contact person that has long experience of working with luxurious restaurants all over the world. This has opened up opportunities for the company to get their products into those markets. This was particularly the case regarding their presence in the Maldives. There have also been private customers that have encountered the product and then decided to privately import them, this is the reason for being in Singapore. Furthermore, the company has also had a partnership or collaboration with a wholesaler in Hong Kong, that enabled them to enter. In these cases, there have been more demands or requests from actors that are interested in the product, which have led them to sell their products to those markets, rather than an actual expansion plan from the company. Additionally, the products have been sold at airports which is the reason customers have come in contact with the product and have then decided to import them later.

The company's attitude towards this approach is that, if the opportunity arises there is nothing that stops them from giving it a chance: "*It doesn't hurt to have a joker- like this export thing. We happened to run into a person, and he had many contacts, and it was quite cheap to try it and much was provision based. If it succeeds, then that is good, and if not, then the downside isn't that big"* (Vice President, 2021-04-15). However, currently their main focus is to expand on the Swedish market, which is still fairly unexplored and where they see a high demand. Thus, the expansion to other markets is not a priority.

Selecting Entry Modes

Exporting is the only approach used when entering new markets. Since their product is very dependent on the location, and where the resource is grown, exporting is their only option. They are working with wholesalers that sell their product in that specific market. The reasons for this is that they want to focus on what they are good at: *"…we are good at this local market but not the one in the Maldives, which means that a wholesaler would have been the obvious choice, to sell to someone, who in turn sells to someone else"* (Vice President, 2021-04-15).

4.7 Internationalization Process G

Internationalization Process G, H, and I will have a slightly different structure from the previous section and do not descend from a company context, as the previous processes, as explained in the methodology chapter. Therefore, these start off with the perspective of CSR strategy.

Perspective on CSR Strategy

Within Internationalization Process G, the perspective of CSR Strategy was briefly discussed. However, it was emphasized that sustainability is mainly connected to the economic aspects it brings, in the business climate. Therefore, it Internationalization H, it was argued that due to premium added to sustainability, it will have a critical impact on the decisions taken in relation to it. However, as stated, since sustainability is of critical importance, Internationalization Process H, argues the CSR Strategy is therefore a must, although it was emphasized that it is difficult to tell the true effect from it.

Selecting Markets

One of the most essential factors when choosing markets, in particular a company with a strong sustainability profile, is choosing a country where their product can have the same high status or premium on the final price of the product. As stated in Internationalization Process G, it cannot be expected by a Swedish company that produces organic rapeseed oil to export the product to South America or West Africa, with the belief that the consumer at the host market will pay that higher premium. Furthermore, it is argued, even though they have the financial resources, these markets do not view it in the same manner. However, countries like Denmark, Sweden, The Netherlands, or Germany, often value aspects such as organic labeling, organic agriculture, circular economy, and circular agriculture, and thus there is an added value for the premium and those features. Therefore, in Internationalization Process G, it is argued that there is a good opportunity to get coverage for those additional costs that often follow when having those features in the end product. Thus, in Internationalization Process G, screening potential markets, especially when having a product with sustainability features, is very dependent on the conditions of the market, that there is a demand for those products, that these product features are highly valued, and that there is a purchasing power.

These factors, values and awareness regarding sustainability, which is linked to demand and purchasing power are not separated: *"...If you do not have the awareness, the consumer will never value it when they are going to purchase. So, it is not the case that one factor is decoupled but more how much they affect each other"* (Operations Manager, 2021-03-23). This can be exemplified by, even though a country has high environmental awareness, they may not have had the same opportunities to develop, and therefore do not have the resources to buy that extra

premium. The other example is, if the country has a high purchasing power, but they are not interested or do not value sustainability or environmental issues, the likelihood of them buying those products is also small. Therefore, when screening for potential markets these are factors, companies need to consider.

Culture and geopolitical differences between countries also have an impact on the decision of choosing markets. Even though countries speak different languages, many countries share many similarities. Traditionally, a Swedish company has always started to export to the neighboring countries, and when that is done, it is common to start with the other Western countries, and the Anglo-Saxons countries, such as the US, Canada, and Australia. However, today the situation has changed. For example, in the last 30-40 years, some parts of the Middle East, such as Qatar, and countries in Asia, have developed significantly. Today these markets also value sustainability and clean products, which now also is seen as a natural part of their customer demand., which makes these markets a given choice to expand to from the initial stage for a food company. Furthermore, for a food company, food culture is also an important factor, which is also a central part of a country's culture.

Selecting Entry Modes

A factor that is very specific to the food industry, and that has an impact when companies enter new markets is that the food industry is highly resource intensive, and it is difficult for new actors to select entry modes that require larger investments. The most common approach for European companies is to have a production facility, and then the products are exported from there. This is also a result of the fact that there are either very large or small food companies:

> *"This is the difficult paradox. The food industry is one of the most expensive industries to establish oneself in, because in the food industry you have small and very big companies, and you have almost nothing in the middle. This is because it is so expensive to buy machines. Equipment costs so much that in many cases you cannot set up production in many countries"* (Operations Manager, 2021-03-23).

Thus, it is very difficult for small actors to open production in several markets, and even though many small actors would want to have their own production, for example if you want to refine quality and sustainability, it is very costly and therefore not practically possible. It is much

easier for companies to source locally than produce locally. Consequently, the type of entry modes used by companies is very dependent on the size of the company. A SME does not have the same opportunities to acquire another company or a competitor, whereas a large company can choose if they want to do an acquisition or set up their own production.

4.8 Internationalization Process H

The next process, Internationalization Process H, will follow the previous structure.

Perspective on CSR Strategy

Internationalization Process H is characterized by a comprehensive view of sustainability, and refers to three aspects within it, the environment, the economic and the social part. It is emphasized that all parts must be included to be sustainable, which is not consistently reflected in the business society of today. Due to this, it is emphasized within Internationalization Process G, that to work sustainable, is a rather subjective reasoning.

Selecting Markets

When selecting markets in Internationalization Process H, economic and social conditions have an impact on the decision. For example, the available income is a deciding factor on whether there is a demand for products with sustainability features. This is often due to the fact that products with sustainability features often have a higher price point. Therefore, when a company sells organic products, there are markets that are more suitable than others.

> "*Yeah, I think if you're talking about organic products, there are definitely markets that are much more open to that than others. And, my experience is usually related quite a lot to money. If you're poor, you don't care about organic milk for your kids. You care about milk*" (Senior Project Leader, 2021-04-08).

It is expressed that usually a trial and error approach is used, which starts with sending out an export manager and then seeing how it goes, and generally they go wherever they can get business opportunities. However, this excludes countries such as North Korea or Iran, because it will be difficult to justify those decisions for other stakeholders or other countries, which within Internationalization Process H was presumed to be related to a CSR strategy. Political

stability and risk could also have an impact, which is perceived higher when engaging with countries that are for example, outside the European Union, the US or Canada. It is riskier to enter less developed countries, and there are also markets where there is a higher risk of encountering corruption.

Furthermore, depending on which entry mode the company uses, for example, establishing their own subsidiary, it is not all about looking for countries anymore, but also which partner they want to cooperate with. In this case, it is important to establish which characteristics the company can accept and not accept: "*...idealistically, we would like to have a perfect world and all our partners are totally amazing. Right? But we also want to do business and you have to do business with one of them, right? [....] you kind of try to pick the best"* (Senior Project Leader, 2021-04-08).

Selecting Entry Modes

In Internationalization Process H, the process of choosing markets is explained as: *"It's kind of a little bit like dating right? I mean, so you go one a couple of dates, you build a relationship and over time you get more and more invested in them, and you get married and get kids"* (Senior Project Leader, 2021-04-08). Gradually, companies invest more in their activities, and usually the company starts with sending out an export manager to get some business under way, and then finding an import distributor that can assist the company to export the products. This is often an initial step, however, as the business proceeds, companies get more involved in the process in order to grow the business further. There is often a strategic game taking place between the two parties. The import distributor does not want the company to get too happy, because then it is the possibility for the company to move on, and perhaps establish their own production facility or a joint venture.

When establishing operations in another country or collaborating with another partner, it is important to consider several factors before making that decision, particularly with regards to CSR, according to the perspective of Internationalization Process H. Once a company gets more invested in a country and with a partner, there are more issues related to for example work environment issues or HR that need to be considered. There is a risk of going to a country where these issues are not prioritized, which could in the end result in someone getting hurt. Therefore, it is expressed by Internationalization Process H that the more extensive the

operations get, for example having an own local production facility, the more the company gets involved in terms of these issues. If a country is struggling with these issues or having bad performance, this could make a company leave that country.

4.9 Internationalization Process I

Internationalization Process I also will follow the structure of the previous structure.

Perspective on CSR Strategy

From Internationalization Process I's perspective, the CSR Strategy is placed on many levels. However, more specifically, it is about healthy soils, producing food without depleting the soils and negatively impacting biodiversity. Although the broad concept is returned to in Internationalization Process I repeatedly, demonstrated by the following quote:

> *"It's a matter of keeping track of the raw materials, where they come from, that you produce in such a sustainable way in terms of energy, resources, that you work circularly, as far as possible, and make sure that you do not get too much waste [....] it is very complex for me. Sustainability has so many dimensions" (*Senior Innovation Manager, 2021-04-16).

Selecting Markets

One of the important factors to consider when entering a new market is to make sure the market is 'mature', such as there exists a demand for the products with a sustainability profile, according to Internationalization Process I. It is important that there is a 'business case' and that it makes sense from an economic perspective. Therefore, in the Internationalization Process I expressed that it is important to look at the market size and market potential, how many consumers and customers exist in the market that the company wants to enter. Another aspect that is important to evaluate is the customer awareness, which in turn impacts the demand for those products.

From the perspective of Internationalization Process I, when screening for markets it is common to have criteria that decide whether a company should enter a market or not and if it is a country that the company is unfamiliar with, and do not have previous experience with operating in, or have issues such as corruption, it is likely the company will avoid entering that

market. For example, even though China is a large market, it is not the easiest to enter in terms of other aspects.

Selecting Entry Modes

Economic sustainability is an important factor when selecting entry modes, according to Internationalization Process I. There are many companies that would consider having their own production facilities in order to have more control over their operations, as well as minimizing the transportation of products across the globe. Thus, many companies have a desire to operate more locally in other markets, both source locally but also produce locally. However, establishing a production facility requires extensive resources, and if it is not feasible from an economic perspective it is rarely an appropriate option: "*it is crucial, you have to get the economy to work out, otherwise the business would not exist, but of course many want the business to be smart from a sustainability perspective"* (Senior Innovation Manager, 2021-04-16). There is a difference between large and small companies, where the former has greater possibilities to set up their own local production, due to having more resources. This is not possible for a smaller firm, and one alternative could be to co-produce with a local actor, in other words finding a local partner.

According to Internationalization Process I, if a company has a strong sustainability profile and has a desire to make positive impacts on the environment and societies, these goals are always present and evaluated when making decisions. For example, it can be questioned whether it is sustainable to ship products across long distances, and choosing to have production in another market could minimize the impact of transportation. However, these are complex issues, and even though the possibilities to become more sustainable increases, it is still contingent on having to be within reasonable financial limits.

5. Analysis

The analysis aims to lay the foundation to answer the research question "How does CSR strategy influence the internationalization process for SMEs within the food industry? ", by analyzing the empirical findings with the theoretical ideas. The analysis will have two main sections, the IMS and the EMS. Furthermore, both sections are divided into external and internal divisions. Within the divisions, each Internationalization Process will be analyzed.

5.1 CSR's Influence on the IMS

CSR's influence on IMS has been separated into external and internal factors, whereas each section analyses the internal and external factors.

5.1.1 CSR Strategy's Influence on the External Factors

In this section, the nine Internationalization Processes will be discussed in relation to the external factors, including **Market attractiveness**, **Country environment**, **Consumer behavior**, and **Market knowledge and availability of data** and whether CSR influences the reasoning and argumentation of these factors.

Internationalization Process A

Internationalization Process A highlights that market size is a critical factor in the IMS. It was expressed to be compulsory to enter a market which had growth potential, which was determined by both being a large market but also being placed in a location that would have sustainable logistics. Therefore, the Internationalization Process A had chosen both the UK and Germany as markets, both large markets together with a relatively large segment for plant-based products. **Market attractiveness,** consisting of market size as one core factor when choosing a country together with the market growth (Magnani et al., 2018; Johanson & Wiedersheim-Paul, 1975). As Górecka and Szalucka (2013) further elaborated, market size can also be the ability to sell products, which seems to be the case, since both the UK and German market were interesting due to their market share and demand for plant-based products. The reasoning about market size, market growth, and the market share for the given products, are aligned between Internationalization Process A and the above-mentioned theories. However, given the CSR context, it is also mentioned in the empirical material that together with the

Market attractiveness of a location, there is a demand for sustainable logistics. This is not highlighted in the current theories, and would furthermore result in this factor being partly affected by the CSR Strategy, but still have a common ground with current theories explaining how the Market attractiveness is viewed in the IMS decision.

Furthermore, within Internationalization Process A, it was clear that a consumer demand was required and one of the main features when choosing markets. Additionally, this was also connected to the culture around food, where both Latin America and China were markets that required caution due to their strong food culture. Furthermore, Latin America was chosen because of its increased interest in plant-based food. The importance of consumer demand is reflected in the literature, where the researchers point out that it is a critical factor which can be seen in various aspects (Douglas & Craig, 1992; Magani et al., 2018; Breton & Martín Martín, 2011). For instance, Douglas and Craig (1992) highlight that **Consumer behavior** can be influenced by values, which seems to be the way Internationalization Process A reflects upon it, including the food culture in the demand. Regarding the **Country environment,** Papadopoulos and Martín Martín (2011) write that culture is one of the determining factors when choosing a market, which Azar (2014) further elaborates on and emphasizes the importance of the food culture. This view can be seen in Internationalization Process A's reasoning. From a literature point of view (Douglas & Craig, 1992; Papadopoulos and Martín Martín (2011), the combination of consumer demand and culture would in the empirical findings indicate that Consumer behavior and Country environment are closely related, and have an impact on the IMS. Once again, the CSR Strategy can be regarded as an inherent element in Internationalization Process A's reasoning where they choose a country partly because of their approach towards sustainable products.

Internationalization Process B

Internationalization Process B explains their entry to South Korea was due to opportunism. However, it was considered as a reasonable market, because of three reasons: market size, high average income, and demand for the sustainable products. The two latter are interrelated with each other due to the reasoning that with a higher average income, sustainability will be a higher priority. Thus, from a literature point of view, the entrance into South Korea was affected by various factors, first the market size was rather straightforward, which complies with the traditional view within international business (Johanson & Wiedersheim-Paul, 1975),

as part of the factor **Market attractiveness.** Furthermore, the two interconnected factors, high income and demand for sustainable products, do have separate backgrounds in theory. The high income is not explicitly mentioned in the theoretical framework, however, can be included in the GDP per capita indication stated by Douglas et al. (1982), which would indicate how attractive the market is. Secondly, the demand for sustainable products is part of the **Consumer behavior**, both determining the demand, and the reasons for the demand such as consumer attitudes (Douglas et al., 1992). As first stated, the market entry was led by opportunistic behavior, which often is the case among SMEs (Schweier 2012), which can be seen as the main reason for choosing South Korea. However, the complementary reasons have a foundation within theory, that include sustainability aspects in the demand for the products.

Furthermore, the UK and US were interesting potential markets for Internationalization Process B due to their size, a referral to the Market attractiveness (Johanson & Wiedersheim-Paul, 1975). The UK was further interesting due to the sustainability awareness among consumers, which would indicate a beneficial Consumer behavior (Douglas et al., 1992). However, the UK has not been able to enter due to the external factor, Brexit, and the US was chosen not to enter because it sought to be a too large market, opposed to the reasoning in Market attractiveness (Johanson & Wiedersheim-Paul, 1975). Internationalization Process B did not have the capacity, and the market was therefore excluded. However, due to these markets not being chosen, no further connection can be made in regard to the CSR Strategy.

Notably, in Internationalization Process B, the opportunistic behavior was expressed to be the main factor in the IMS, which Scweizer (2012) argued is common among SMEs, and therefore regardless of the host markets and its characteristics, an opportunity to sell products would be accepted. This is although connected to the CSR Strategy, by each sold product, is a job opportunity created in West Africa.

Internationalization Process C

In Internationalization Process C's reasoning, the IMS factors are highly interdependent, although they can be extracted individually from the arguments. For example, there is an overall strategy to expand within the Nordics, which will be further developed within the internal factors in the next section. However, the argument behind this strategy is based on the consumer demand and the idea that it will require less alterations. The consumer demand is a

well-established factor within **Consumer behavior** (Magnani et al., 2018), whereas how much adaptation required is more connected to the food culture, as part of the **Country environment** (Azar, 2014). Furthermore, when Internationalization Process C explored alternatives outside the Nordics, additional factors were market size as research also suggest, as part of the **Market attractiveness** (Whitelock & Jobber, 2004; Gaston-Breton & Martín Martín, 2011; Koch, 2001b). Because Internationalization Process C was more uncertain about these markets, emphasis was placed on **Market knowledge and availability**, which is natural due to the availability of data that can be uneven (Papadopoulos & Martín Martín, 2011). However, due to lack of knowledge, Internationalization Process C chose to exclude certain markets, instead of making decisions on incomplete information, because of the lack of secondary sources (Douglas et al., 1982). Lastly, the cultural dimension was added to IMS outside the Nordics, excluding markets with great distance that would require a substantial amount of local adaptation (Azar, 2014). Internationalization Process C therefore includes many external factors in the IMS decision-making process, where CSR's influence cannot be distinguished to have a significant effect, however, it does affect how consumer behavior and market size are viewed.

Within Internationalization Process C, the opportunistic behavior was also mentioned, which has its theoretical reasons in SMEs behavior (Schweizer, 2021). In the empirical findings, it was mentioned that such opportunities could arise due to a distributor that wanted to sell the product abroad, which was the reason for the expansion to Hong Kong, but also Italy.

Internationalization Process D

Internationalization Process D has a vision to sell their products where the products have a strong cultural connection, which made them early choose France as a suitable market. Just as Azar (2014) points out, food culture, as part of the **Country environment,** is important in the IMS process, but what also can be discerned is the fact that Internationalization Process D also connected the food culture to the **Consumer behavior** (Magnani et al., 2018). Thus, by looking at where the culture is strong, there will be a sales market for the product (Breton & Martín Martín, 2011). Based on the empirical findings connected to these two factors, there is no clear influence by the CSR Strategy.

However, the external factors have not only been used to choose markets, but also to exclude markets. Because of Internationalization Process D's company strategy, they did not want to enter markets suffering from corruption, or that are highly dissimilar in the set of beliefs and values. They have also declined opportunities due to non-sustainable logistics, where the geographical distances have been too long, and thus would be aligned with their strategy of shipping their products on railway. As pointed out in theory, the **Country environment i**s critical (Whitelock & Jobbet, 2004), where both corruption and values are brought up as two dimensions. Whitelock and Jobbet (2004) explicitly highlight the importance of political stability, which can be seen as the corresponding factor to corruption. Furthermore, within the Country environment, is the institutional environment (Marano et al., 2017; Ghoul, Guedhami & Kim, 2017), whereas the values and beliefs can be seen to constitute the 'soft' side of the institutional environment. It becomes evident that when Internationalization Process D excludes markets in their IMS, due to the influence by the CSR strategy, both in terms of social responsibility with a focus on corruption and values and beliefs are considered within Internationalization Process D, who sees sustainability as the core in their business. There was also an environmental aspect in the CSR Strategy affecting the IMS, by excluding markets with non-sustainable logistics.

Internationalization Process E

For Internationalization Process E, the institutional aspects were in focus when choosing which market to enter. With institutional aspects, Internationalization Process E referred to how their business matched with the host market, in terms of business model but also the manufacturing systems. This would correspond to the factor **Country environment,** in which theory generally explains how favorable a market is (Whitelock & Jobber, 2014). As emphasized, it was important in Internationalization Process E to be present in markets that share similarities, both in how business is conducted, and product requirements. Thus, a low institutional distance was preferred, which is explained as minor differences in terms of regulating business (Magnani et al., 2018). Furthermore, it was also emphasized the importance of product characteristics, and how much alternation was needed, where less differentiation was sought to be beneficial, which Azar (2014) would recall being determinant by the food culture, however. Thus, according to theory, the Country environment is of high importance to Internationalization Process E in the IMS, which lacks clear influence by CSR.

Internationalization Process F

Internationalization Process F has not actively chosen to expand to foreign markets, but it has been driven by the demand, both from firms wanting to sell their products, but also from private consumers. Therefore, the IMS in Internationalization Process F has been driven by demand, and additionally, by opportunistic behavior. Although theory emphasizes the importance of demand, as part of the factor **Consumer behavior** (Breton & Martín Martín, 2011; Douglas & Craig, 1992). However, due to the opportunistic behavior the any additional factors in the IMS were not highlighted. There is a clear lack of influence from the CSR, but rather it is rising opportunities and demand that drives IMS, in Internationalization Process F. As reflected in the empirical findings, they focus on sustainability internally regarding the product and its features, rather than in the IMS decision.

Internationalization Process G

Internationalization Process G emphasized the importance that the host market values sustainability, in order to be chosen in the IMS process. Sustainability products are more expensive due to the premium added, which the consumers in turn, must be willing to pay for. However, as expressed in the Internationalization Process G's reasoning, it is not only connected to a high average income but also the mindset, hence the consumer must also want to pay the higher premium in exchange for sustainable products. Thus, the screening process in IMS, is highly dependent on the demand for sustainable products. This corresponds to the theoretical ideas about **Consumer behavior,** including both the demand for the product and the willingness to pay, which is connected to consumer attitudes (Douglas & Craig, 1992; Magani et al., 2018; Breton & Martín Martín, 2011). Furthermore, within Internationalization Process G, both culture and geopolitical factors were considered to be of importance in IMS, which can be connected to the **Country environment** (Whitelock & Jobber, 2014). Culture was connected both to the country's culture in general, but also to the food culture in specific, which is discussed by Papadopoulos and Martín Martín (2011) and Azar (2014). Based on the empirical findings, Consumer behavior and Country environment had an impact on the IMS, however, CSR Strategy was only connected to the reasoning regarding consumer behavior.

Internationalization Process H

In Internationalization Process H, the economic and social factor was highlighted when choosing the market. This was further explained by emphasizing how important the average

income was in regard to buying sustainable products, due to the price premium added. Furthermore, political stability and risk was argued to be of importance, which for a Swedish SMEs is higher when entering a market outside Europe, the US or Canada. Additionally, in Internationalization Process H, entering less developed countries would be sought to be more risky, and also connected to the issue of facing corruption. As noted, various factors are thereby brought up in the reasoning by Internationalization Process H, which can be connected to theoretical insights. First, the economic and social factors correspond both to the factor **Market attractiveness** as well as the **Country environment**. The economical aspect can be found within the market attractiveness, where Douglas et al. (1982) states that GNP per capita or GNP growth rate, can constitute the economic aspects. Furthermore, Brouthers et al. (2009) specifies that if these economical aspects are beneficial, this would create a locational advantage, which can be one explanation for why Internationalization Process H sees it as critical in the IMS. Furthermore, the social conditions mentioned, can be explained by the country environment, where favorable conditions would influence the IMS (Whitelock & Jobber, 2004). This is also connected to the political aspect, where these conditions affect the IMS decision. Additionally, the idea about **Consumer behavior** is that the economic conditions are critical because of the ability to prioritize sustainable products if there is a financial opportunity, thus affecting the demand (Douglas & Craig, 1992). The empirical findings from Internationalization Process H have demonstrated a connection to theoretical perspectives in how to choose which market to enter. The assumption that sustainable products are not prioritized if there are limited financial resources, impacts Internationalization Process H's reasoning about which markets to enter or not. Additionally, when Internationalization Process H shares their ideas about political stability, corruption is mentioned as a factor hindering market entrance. Thereby, the CSR strategy also has an impact on how the factor Country environment should be thought of and valued.

As part of the factors discussed above, there was a "trial and error-approach" used in the expansion of Internationalization Process H, resembling the non-systematic approach, common among SMEs (Papadopoulos & Martín Martín, 2011). Additionally, the IMS was also expressed to be connected to partnership, and depending on which entry mode was preferred, impacted the choice of market.

Internationalization Process I

In Internationalization Process I, one critical factor when choosing a market is the maturity of the market, which was explained to be the demand for sustainable products. In regard to deciding whether or not to enter the market, Internationalization Process I stated there needed to be a business case to enter, which was when it made economic sense, which was determined by the market size and market potential. However, it was also influenced by the sustainability awareness of the consumers. The maturity of the market is determined by the consumers' demand for sustainable products, which is referred to as **Consumer behavior** within the literature, focusing on consumer demand (Douglas & Craig, 1992). As Koch (2001a) states, it is evident that future sales can be the reason to choose certain markets, a logic that resembles the decision-making in Internationalization Process I. Furthermore, the factor **Market attractiveness,** including market size and potential, descending from literature (Magnani et al., 2018), can be distinguished in the reasoning of IMS in Internationalization Process I. Therefore, it can be interpreted in Internationalization Process I, Consumer behavior and Market attractiveness impact the IMS. The CSR Strategy influences how Internationalization Process I reflects upon how sustainability is valued by the consumers, affecting both the consumer demand and the market size for sustainability products.

5.1.2 CSR Strategy's Influence on the Internal Factors

In this section, the nine Internationalization Processes will be discussed in relation to the internal factors, including **Psychic distance** and **Company strategic orientation and strategic objectives** and whether CSR influences the reasoning and argumentation of these factors.

Internationalization Process A

Internationalization Process A had a distinctive goal to be the largest player in the world within their food segment. Additionally, the context of Internationalization Process A is based upon the concept of eating plant-based food as an alternative to tackle the climate crisis. The strategy is based around finding locations that can additionally support larger regions, both strategically and environmentally placed, which was the reason for choosing China as a market. The theoretical insight would see these arguments as part of the factor **Company strategic orientation and strategic objectives,** which Koch (2001b) argues is a critical factor in the IMS, which the empirical findings confirm. Furthermore, it is believed that the Strategic

orientation would arise from values and attitudes (ibid), which also is true to Internationalization Process A's experience, in which sustainability awareness is included, and therefore the CSR Strategy to some extent is included.

Furthermore, Internationalization Process A did also reflect upon the similarities between markets in a broader sense, including both cultural and eating norms. Since Internationalization Process A was founded within Europe, it was expressed to be easier to expand to European countries, however this did not exclude them from entering the Asian and Latin American markets. This idea of entering similar markets can be found in literature as well, which is referred to as the **Psychic distance,** which can be summarized as the uncertainty about the host market (Johanson & Widersheim-Paul, 1975) and therefore firms enter markets with low psychic distance (Andersen & Buvik, 2002; Johanson & Vahlne, 1977). However, as noted above, there was a deviation from the traditional sequence (Johanson & Wiedersheim-Paul, 1975) with the entrance into Asian and Latin American markets, which could argue that psychic distance has less impact on the decisions in the food industry, than earlier. The Psychic distance seems to be more connected to the initial thoughts to whether a market seems similar and therefore reasonable to enter, without any specific connection to CSR.

Internationalization Process B

In Internationalization Process B's reasoning on how to choose markets, it is evident that it is beneficial to enter markets with similar approaches of performing business and additionally, markets that share the same or similar values, which can be translated to the factor **Psychic distance,** both including that there is a need for a common structure to perform business, which Nordstrom and Vahlne (1992) would state the hindrance between the firm and the market. The similarity can additionally reduce the uncertainty (Johanson & Widersheim-Paul, 1975), because then it is possible to understand the market faster and more comprehensively. Thus, in Internationalization Process B, psychic distance can partly be discerned as a factor that impacts the IMS. However, due to their **Company strategic orientation and strategic objectives** (Koch, 2001b), which is to sell large volumes of their products in order to create job opportunities in West Africa, they would not be hindered to expand to markets, even though the psychic distance would be perceived to be high. Due to this, the impact of Psychic distance does not have a strong influence on the IMS, but rather is more determined by the Strategic

orientation and objectives. Since they argue, the CSR Strategy is equivalent to their business model, this has an impact on the IMS through the strategic orientation and strategic objectives.

Internationalization Process C

Internationalization Process C also had the aspiration to be among the top players within their segment, and therefore aimed to be present in many markets, in a short time period. This led them to enter markets which were easy to enter, which led them to focus on the Nordic countries. This was due to cultural similarities, but also similarities in a broader sense, such as similarities in how they view sustainability and eating plant-based products, which is both due to health and environmental aspects. Internationalization Process C has a clear goal leading the way for expansion through **Company strategic orientation and strategic objectives** which affects the IMS (Koch, 2001b). How this goal is targeted has similarities with the **Psychic distance,** when starting with companies that are more familiar (Johanson & Widersheim-Paul, 1975). The empirical findings which can be translated into psychic distance reveals what characteristics markets must have in order for Internationalization C to see them as similar, in which there is a heavy focus on sustainability, ranging from the environment to health aspects. Therefore, the CSR Strategy has an indirect impact in the IMS, because it shapes the values and beliefs on how Internationalization Process C reflects upon itself and also in relation to others.

Internationalization Process D

Within Internationalization Process D, the entrepreneurial spirit was the foundation in many decisions. For instance, it included an early entry into France due to the common culture of the food product. An outspoken focus is that Western Europe is targeted due to the belief that geographically close countries share in many cases cultural similarities, furthermore, there is a common understanding of norms, which simplifies foreign business activities. In accordance with the **Company strategic orientation and strategic objectives** (Magnani et al., 2018; Koch, 2001b), explains the choice of entering France with the common food culture. Furthermore, the assumption about being close geographically can be translated into being close psychologically, is highlighted in the literature regarding **Psychic distance** (Andersen & Buvik, 2002). The empirical findings from Internationalization Process D sees the following factors as contributors to similarities: culture, norms, how to run business, all interconnected, into what can be seen in theory as psychic distance (Johanson & Widersheim-Paul, 1975;

Johanson & Vahlne, 1977). The focus for Internationalization Process D seems to be to stay to their initial plan, by targeting Western Europe as potential markets, which originates from expanding to countries sharing similar food culture. The mechanisms behind psychic distance are used to explain the IMS decisions, however, adding the geographical dimension, as it is part of Internationalization Process D's interpretation, which can be seen as Psychic distance has not minimized as time passes (Johanson & Widersheim-Paul, 1975; Johanson & Vahlne, 1977). The strategy underlying Internationalization Process D, and the use of psychic distance affects the IMS, where CSR Strategy has an influence on these factors.

Internationalization Process E

In Internationalization Process E Sweden was chosen as a market due the markets' relatedness, similarities, and consumer demand. Furthermore, the Internationalization Process E chose Russia and Baltics, partly due to geographical proximity but also due to the similar markets as well. It is concluded that institutional similarities are critical in the IMS, especially in the case of local sales activities. Both in the choice of Sweden, Russia, and Baltics, the similar markets were invoked, which in theory, would be a sign of certainty about the host market which indicates low **Psychic distance** (Johanson & Vahlne, 1977). However, without any explicit connection to CSR's function within the reasoning, it is not distinct what role CSR plays. However, Internationalization Processes E, has, as mentioned before, its own division related to how to expand sustainably. Regardless of this, within Internationalization Process E, sustainability is not the most critical factor in the IMS. Therefore, the CSR strategy in relation to the IMS decision has no impact on **Company strategic orientation and strategic objectives** (Koch, 2001b).

Internationalization Process F

In the Internationalization Process F, it is expressed that IMS has been driven both by companies and consumers, and not by Internationalization Process F itself. Therefore, there is no reflection regarding the internal factors in the journey of Internationalization Process F. Both the **Company strategic orientation and strategic objectives** (Koch, 2001b) and the **Psychic distance** (Johanson & Vahlne, 1977) are excluded from the reasoning, and therefore cannot explain the choices made within this process. However, CSR Strategy influence on these factors cannot be determined, because of their absence.

Internationalization Process G

The empirical findings from Internationalization Process G, it is explained that it used to be common to expand to the neighboring markets, and later gradually move the expansion further away. However, as noted today, the Middle East and Asia are markets initially from start, due to demand for sustainable food products. This reasoning by Internationalization Process G indicates a minimizing impact of **Psychic distance** (Johanson & Vahlne, 1977). As pointed out, it seems to be the demand for sustainable food products that is the main reason for expanding to these markets, which would indicate that it is sustainability, and more specifically, the CSR Strategy, that would diminish the impact of psychic distance (Johanson & Wiedersheim-Paul, 1975). Furthermore, Internationalization Process G is not characterized by a distinct **Company strategic orientation and strategic objectives** (Koch, 2001b), and therefore not connected to CSR Strategy.

Internationalization Process H

Internationalization Process H mainly focused on external factors in their IMS decision, however, which can also be looked upon as internal factors. For instance, the political stability and risk are theoretically external factors, however also connected to how Internationalization Process H reflects upon similarities and differences with home and host markets. It is mentioned that the risk is higher if being outside the European Union, the US or Canada, and additionally, even more risky in developing countries, due to corruption. This is also determined by the local partner, and which characteristics Internationalization Process H can accept, where it is expressed that the aim is to pick the best possible partner. Therefore, by using political risk and its consequence, corruption, Internationalization Process indirectly refers to **Psychic distance,** as it is mentioned to affect the uncertainty about the host market (Johanson & Widersheim-Paul, 1975). Corruption has a natural connection to CSR, and more specifically, social responsibility. The factor corruption seems to both determine which market to go to, which partner to choose. Therefore, the CSR Strategy has an influence on the perceptions of Psychic distance. Why CSR Strategy would not have additional influence, could be due to the focus on the external factors, rather than the internal ones. Based on the empirical findings, it is not possible to discern any **Company strategic orientation and strategic objectives** (Koch, 2001b) in Internationalization Process H.

Internationalization Process I

In Internationalization Process I, it was expressed that common criteria within the IMS decision were based upon how familiar the host market was perceived, where similar markets were perceived to be similar whereas corrupt markets were to be perceived as unfamiliar. Furthermore, it was established that experience increased the familiarity. The uncertainty about the host market and the fact that it can be generated through experience, connects to the sequential patterns within **Psychic distance** (Johanson & Wiedersheim-Paul, 1975; Johanson & Vahlne, 1977). Furthermore, corruption was seen as criteria to avoid, hence creating a larger psychic distance, which would result that the market would be excluded in the IMS. As illustrated, the reflections from the Internationalization Process I can be explained with theoretical reasoning from psychic distance. Therefore, the CSR Strategy can impact how the Internationalization Process I perceived the distance between home and host markets. However, Internationalization Process I is not characterized by a strong **Company strategic orientation and strategic objectives** (Koch, 2001b) that can be extracted from the empirical findings, and therefore, and additionally, there is no connection to CSR.

5.2 CSR's Influence on the EMS

In the following section, the Internationalization Processes, will be discussed in relation to both the external and internal factors, and the influence from the CSR strategies.

5.2.1 CSR Strategy's Influence on the External Factors

In this section, the nine Internationalization Processes, will be discussed in relation to the external factors, including**, Country risk, Sales demand,** and **Location familiarly,** and whether CSR influences the reasoning and argumentation of these factors.

Internationalization Process A

As mentioned, in Internationalization Process A it is expressed that the size of the market and demand are important factors when entering markets. However, this is also something that is considered when choosing entry mode. The idea is to find a regional hub in a large market, in which it is possible to respond quickly to changes in demand and then provide that region with products. This perspective shares similarities with the factor, **Sales demand,** in which the literature argues that a high uncertainty regarding the demand for the product, would make

companies more reluctant to make large resource commitments, which would make companies favors low resource commitments in entry modes in those markets (Hill et al., 1990). However, rather than having a production facility in each country, Internationalization Process A seeks to have one location that provides that whole region, which is the strategy used in Europe. Rather than looking for sales demand in one country, they consider the opportunities in that entire region. Thus, the literature regarding Sales demand (Hill et al., 1990) is somewhat applicable, however, the focus is more on regions, rather than one single country. This approach utilized by Internationalization Process A, also entails exporting between the location with the production facility, to the other markets. By having this approach, it is argued in Internationalization Process A an increased understanding of the local food cultures and preferences can be achieved, and also minimize long transportations across the globe. This entails that Internationalization Process A CSR's strategy could have an impact on the reasoning and evaluation of this factor.

The external factors, including **Country risk** (Agarwal & Ramaswmi, 1992; Hill et al., 1990) and **Location familiarity** (Hill et al., 1990), are not distinguished in Internationalization Process A as influential factors. Since most of the business is located in Europe, where countries share many similarities, where the Location familiarity could be argued to be rather high, they still export, which is regarded as a low-risk entry mode (Ripollés et al., 2012; Giachetti et al., 2019). However, the literature states that high Location familiarity would make companies choose a higher risk entry mode, such as a wholly owned subsidiary (Hill et al., 1990; Anderson & Gatignon, 1986). However, since the aim of Internationalization Process A is to provide one region from a few locations, exporting between markets is their preferred choice. Country risk is not either an apparent factor that is considered in Internationalization Process A, since they still export when the country risk can be considered to be low which is in contrast to what is argued in the literature (Agarwal & Ramaswami, 1992; Hill et al., 1990). Due to this, the CSR strategy does not have an impact on Country risk and Location familiarity, since these are not considered in the Internationalization Process A.

Internationalization Process B

In Internationalization Process B, only exporting is utilized when entering markets, and the reason for this is because of the business model, which is based on the idea of creating job opportunities in West Africa. Thus, the production will inevitably be located there, with the argument that it would not make sense if they were to open a production facility in another

market. Thus, the only entry mode, aligned with their business model, is exporting. When examining the underlying reasons for choosing to export it is evident that the external factors, including **Country risk, Sales demand** and **Location familiarly** (Hill et al.,1990; Agarwal & Ramaswami, 1992) are not considered in Internationalization Process B, but it is rather the overall business model that determines what entry mode they utilize. Since it is emphasized that the Internationalization Process B business model is equivalent to their view on sustainability, it can be argued their CSR Strategy has an impact on the choice on their selection of entry modes, however, as mentioned this cannot be connected to Country risk, Sales demand and Location familiarly (Hill et al.,1990; Agarwal & Ramaswami, 1992).

Internationalization Process C

In the empirical findings it can be discerned that in Internationalization Process C, all products are shipped from the location in Sweden to the other markets. This is done through some sort of intermediary, such as a distributor or wholesaler since they have more knowledge regarding the local markets, especially in markets more distant. In markets more similar, such as the Nordics, this is not as important, since it is argued in Internationalization Process C, business is conducted in similar ways. This reasoning can be connected to **Location familiarity** (Hill et al., 1990) to a certain extent, where the distance, both regarding culture, economic-systems, business aspects, influence the choice of entry mode. A longer distance will make companies more prone to choose a low risk entry mode, such as exporting or licensing (ibid). However, in Internationalization Process C, exporting is repeatedly used, even to markets where the perceived distance could be argued to be low, such as the Nordic countries. Although, this is more related to the usage of having an intermediary assist the entering of the markets. As mentioned, **Sales demand (**Hill et al., 1990) is one of the essential factors that is considered in the IMS in Internationalization Process C, however, this is not as influential when choosing entry mode. Being certain and aware of the demand in a market tend to make companies more likely to favour a high resource-commitment entry mode (Hill et al., 1990), however, in Internationalization Process C, exporting is used despite knowledge of the sales demand in certain markets. In addition, **Country risk** does not seem to be considered in Internationalization Process C. Even though it can be argued the Country risk is low in many markets they are present in, which would mean a company could consider choosing a higher risk entry mode, such as a wholly owned subsidiary (Hill et al., 1990; Agarwal & Ramaswami, 1992), exports are still used. The theoretical arguments, regarding the external factors, cannot

explain the choices in Internationalization Process C. Thus, it is not possible to discern whether the CSR strategy has an influence on these factors.

Internationalization Process D

In the empirical findings from Internationalization Process D, it is suggested that the business is closely connected to the locations in Sweden, and therefore it is argued exporting is the only reasonable choice of entering markets. Therefore, if opening production in another market, or initiating a joint venture would be considered, the core of the business would be lost. Similar to Internationalization Process B, it is rather other factors impacting their decision of entry mode than **Country risk, Sales demand** and **Location familiarity** (Hill et al.,1990; Agarwal & Ramaswami, 1992). In this Internationalization Process D, the choice of exporting can be linked to core values of the business, which is closely tied to the locations in Sweden. Thus, the reasons for choosing exporting cannot be explained by, which theory would argue to be due having a high perceived country risk *(*Hill et al.,1990; Agarwal & Ramaswami, 1992), uncertainty in demand or high perceived distance or unfamiliarity between host and home country ((Hill et al., 1990). Thus, the theoretical arguments are inadequate to explain the decision of exportin in Internationalization Process D, and furthermore the CSR strategy does not have an influence on the reasoning and evaluation of these factors.

Internationalization Process E

In Internationalization Process E, acquisitions are common when entering markets. However, this is not the entry mode used when entering a market with no previous local experience, in those cases export is used. This can be connected to **Location familiarity,** where a greater perceived distance between home and host country, make companies more likely to choose a low-risk entry mode (Hill et al., 1990), such as a exporting (Ripollés et al., 2012; Giachetti et al., 2019). When the company is more familiar with the markets, including aspects such as culture, entry modes that require more resource commitment and are considered more risky, will be adopted (Hill et al., 1990). This theoretical argument resembles Internationalization Process E's reasoning. Based on the empirical findings, it can be argued **Country risk** is somewhat related to Location familiarity, since it also refers to the uncertainty regarding political and economic conditions (Agarwal & Ramaswami, 1992), which could be interpreted as a low Location familiarity (Hill et al.,1990). Thus, Country risk could also have an impact on the EMS, since a high perceived country risk makes companies choose a low risk entry

mode, such as exporting (Ripollés et al., 2012; Giachetti et al., 2019), which is discerned in Internationalization Process E. Based on the empirical findings, **Sales demand** is not considered to have an impact on EMS. Even though Location familiarity and Country risk can be distinguished in Internationalization Process E, these are not found to be influenced by the CSR Strategy.

Internationalization Process F

Based on the empirical findings, in Internationalization Process F, exporting is the only entry mode used, and the main reason for this is that the product is highly dependent on the location where it is produced. Similar to Internationalization Processes B and D, there are other reasons which are the deciding factors. In Internationalization Process F, it is evident that the business idea would not be feasible if they were to choose another location for the products, since it requires that specific aquatic environment. Thus, the external factors **Country risk, Sales demand** and **Location familiarity** (Hill et al., 1990; Agarwal & Ramaswami, 1992) are not considered in Internationalization Process F, and cannot explain the choice of exporting. Therefore, the CSR Strategy does not have an impact on this reasoning.

Internationalization Process G

In Internationalization Process G, exporting is also the only entry mode that is considered, and the reason for this is explicitly expressed to be due to limited financial resources, which will be discussed in the internal factor **Firm size and resources** (Lin & Ho, 2019; Koch, 2001b; Agarwal & Ramaswami, 1992). Thus, **Country risk, Sales demand** and **Location familiarity** (Hill et al.,1990; Agarwal & Ramaswami, 1992) are not considered in Internationalization Process G, and therefore, CSR Strategy does not have an influence on the reasoning on these factors.

Internationalization Process H

In Internationalization Process H, exporting is the most common entry mode. This process starts with sending out an export manager, and then finding an intermediary, such as a distributor that can assist to export the products. In the decision of selecting markets, political stability is discussed, where it was argued to be a higher risk to enter countries, which have non-democratic governments, or where corruption is occurring. This argument is related to **Country risk** where high perceived country risk would make companies more likely to choose

a low risk entry mode (Hill et al.,1990; Agarwal & Ramaswami, 1992), which is true for Internationalization Process H, where exporting is utilized, which is low-risk entry mode (Ripollés et al., 2012; Giachetti et al., 2019). The CSR strategy could have an impact on the reasoning of this factor, since avoiding being present in non-democratic governments or being exposed to corruption Based on the empirical findings, influence from **Sales demand** and **Location familiarly** (Hill et al., 1990), cannot be distinguished in Internationalization Process H, and therefore there is no connection to CSR Strategy.

Internationalization Process I

In internationalization Process I, low resource commitment entry modes, such as exporting, is the most common to use. The main reason for this is similar to what is expressed in Internationalization Process G, which focuses on the lack of resources. This will be further elaborated upon when discussing the internal factor Firm size and resources (Lin & Ho, 2019; Koch, 2001b; Agarwal & Ramaswami, 1992). Thus, Country risk, Sales demand and Location familiarly (Hill et al.,1990; Agarwal & Ramaswami, 1992) cannot be discerned to be considered in Internationalization Process I, and are therefore not influenced by the CSR strategy.

5.2.2 CSR Strategy's Influence on the Internal Factors

In this section, the nine Internationalization Processes will be discussed in relation to the internal factors, including **Firm size and resources, Desired control over foreign operations** and **Attitudes towards risk,** and whether CSR influences the reasoning and argumentation of these factors.

Internationalization Process A

In Internationalization Process A, the strategy is to have a production facility that provides one region, for example there is one production facility that provides all the European markets. However, based on the empirical findings, it cannot be distinguished whether F**irm size and resources, Desired control over foreign operations** and **Attitudes towards risk** (Lin & Ho, 2019; Anderson & Gatignon, 1986; Hill et al., 1990; Agarwal & Ramawsami, 1992), have an impact on the EMS, and therefore these cannot be connected to the CSR strategy.

Internationalization Process B

Similar to what has been discussed in the section of external factors in Internationalization Process B, the strategy is highly dependent on the business model, that is, creating job opportunities in West Africa, and therefore it is argued in Internationalization Process B exporting is the only option. Thus, the internal factors, **Firm size and resources, Desired control over foreign operations** and **Attitudes towards risk** (Lin & Ho, 2019; Anderson & Gatignon, 1986; Hill et al., 1990; Agarwal & Ramawsami, 1992), do not have an influence on the EMS, and therefore these cannot be connected to the CSR strategy. However, as mentioned when discussing external factors, the CSR strategy, which is the foundation of the business model, can be argued to have an impact on the decision of exporting.

Internationalization Process C

The main entry mode used in Internationalization Process C is, as previously stated, exporting. Due to other entry modes being too resource-intensive, exporting is the only reasonable option. This is related to **Firm size and resources,** which implies that a company having limited resources will not be able to choose an entry mode, such as wholly owned subsidiary, since it entails a high resource commitment (Hill et al., 1990). Often, this can be related to firm size, where larger companies usually have more resources, and can therefore utilize entry modes that require more resources. However, this is not always the case since many smaller companies have started to use entry modes which require a higher level of resource commitment (Lin & Ho, 2019; Agarwal & Ramaswami 1992; Ripollés et al., 2012). Nevertheless, based on the empirical findings it can be discerned that there is an interest in having a local presence in other markets, since there is an openness to pursuing the idea of initiating some sort of contractual agreement with local actors. By doing this, it is expressed that Internationalization Process C could have production in local markets, and, this would also be the most sustainable option, due to minimizing the environmental impact by not having to build new production facilities, and minimize transportation. Thus, even if there were enough resources, in Internationalization Process C, to set up a wholly owned production facility, this is not the obvious choice. This reasoning can be partly connected to the CSR Strategy, where the aim is to be sustainable in all levels of the operations until it reaches the end consumer. Based on the empirical findings, **Desired control over foreign operations** and **Attitudes towards risk** (Anderson & Gatignon, 1986; Hill et al., 1990; Agarwal & Ramawsami, 1992) cannot be seen to have had an impact

on the decision of the EMS, and therefore the CSR strategy does not have influence on these factors.

Internationalization Process D

In Internationalization Process D, only export is used when entering markets, which is as previously stated, due to a close connection between the company and its location in Sweden. Even though other entry modes could be feasible, this is a deliberate decision of only having production in Sweden. Therefore, the internal factors, **Firm size and resources, Desired control over foreign operations** and **Attitudes towards risk** (Lin & Ho, 2019; Anderson & Gatignon, 1986; Hill et al., 1990; Agarwal & Ramawsami, 1992), do not explain the reason for choosing export. Thus, the CSR strategy does not have an impact on the evaluation and reasoning of these factors.

Internationalization Process E

In Internationalization Process E, exporting and acquisitions are the entry modes used when entering markets. When familiarity is increased regarding foreign markets, Internationalization Process E is more prone to acquire another company. This can be related to **Firm size & resources,** where more available resources increase the possibility to make an acquisition, which is a high resource commitment entry mode (Agarwal & Ramswami, 1992; Anderson & Gatignon, 1986; Hill et al., 1990; Ripollés et al., 2012). In Internationalization Process E, there is a list of requirements of sustainability issues that is considered before entering a market, however, it is not highly prioritized. Thus, it can be argued the CSR Strategy does not have a strong influence when choosing entry mode. Furthermore, based on the empirical findings, **Desired control over foreign operations** and **Attitudes towards risk** (Anderson & Gatignon, 1986; Hill et al., 1990; Agarwal & Ramawsami, 1992), are not seen to have an influence on the entry mode choice, Thus, the CSR strategy does not influence these factors, and arguable would not, even if they were considered, due to the above mentioned argument regarding the CSR issues not being prioritized.

Internationalization Process F

As mentioned, in the discussion of external factors, in Internationalization Process F, exporting is the only entry mode used, and the main reason for this is that the product is dependent on the aquatic environment where the product is produced. Therefore, the reasons for choosing entry mode, are due to other reasons, and cannot be connected to **Firm size and resources, Desired**

control over foreign operations and **Attitudes towards risk** (Lin & Ho, 2019; Anderson & Gatignon, 1986; Hill et al., 1990; Agarwal & Ramaswami, 1992). Thus, there is no connection between these three and the CSR strategy.

Internationalization Process G

In Internationalization Process G, it is clearly stated that the reason for choosing export is due to limited resources. As mentioned, **Firm size and resources,** impact the EMS since limited resources, makes it difficult for companies to set up wholly owned subsidiaries or acquire another company (Lin & Ho, 2019; Anderson & Gatignon, 1986; Hill et al., 1990; Agarwal & Ramawsami, 1992). According to reasoning in Internationalization Process G, this is particularly specific to the food industry, which is highly resource intensive. The food industry is characterized by either big companies or small, with barely any in between and, which is due to the industry being very expensive to operate in. Thus, it is argued in Internationalization Process G, even though a company has the desire to refine quality and sustainability, by having their own production facility, the entry mode used is dependent on the size of the company, where an SME does not have the same opportunities to acquire another company or set up their own production. Based on the empirical findings, **Desired control over foreign operations** and **Attitudes towards risk** (Anderson & Gatignon, 1986; Hill et al., 1990; Agarwal & Ramaswami, 1992), cannot be discerned to have an influence on the EMS since they are not considered in Internationalization Process G, and therefore there is no connection to the CSR strategy, and furthermore, there is no apparent connection between Firm size and resources and CSR strategy.

Internationalization Process H

In Internationalization Process H, exporting is the entry mode used. This process is explained as gradual involvement, where the process is initiated with a low resource commitment entry mode, but is gradually increased. However, little is said about the underlying reasons for the decisions. Therefore, it cannot be discerned whether, **Firm size and resources, Desired control over foreign operations** and **Attitudes towards risk** (Lin & Ho, 2019; Anderson & Gatignon, 1986; Hill et al., 1990; Agarwal & Ramaswami, 1992), have an impact or not on Internationalization Process H. Thus, the CSR Strategy does not have an impact on these factors and furthermore on the EMS.

Internationalization Process I

In Internationalization Process I, exporting is as previously stated, also the most common entry mode. The main reason for this, which is clearly expressed, is due to the high costs that are related to setting up own production in a foreign market. Even though it is argued having an own production facility in another market is desired, partly due to having more control over the operations, as well as minimizing long transportations across long distances, it is not feasible from an economic perspective. In this process, it is evident that **Firm size and resources** impact the EMS, where limited resources only enable exporting (Lin & Ho, 2019; Anderson & Gatignon, 1986; Hill et al., 1990; Agarwal & Ramawsami, 1992). As demonstrated, the desire to have an own production facility in other markets is partly driven by minimizing transportations across long distances, which can be argued to be a part of the CSR strategy. Furthermore, control over operations is also mentioned as a reason to have an own production facility in foreign markets. This can be connected to **Desired control over foreign operations,** where the desire to have more control over strategic decisions and operation will make companies more likely to choose a high control entry mode, such as a wholly owned subsidiary (Giachetti et al., 2019; Hill et al., 1990; Agarwal & Ramswami, 1992). However, this is as mentioned not possible due to limited resources, which leaves Internationalization Process I to with exporting as the only option. **Attitudes towards risk** is not something that is discussed, and therefore does not impact the EMS, but rather Firm size and resources is the factor that has the most impact on the decision. Overall, based on the empirical findings, CSR strategy, cannot be distinguished to have an impact on Firm size and resources, Desired control over foreign operations and Attitudes towards risk (Anderson & Gatignon, 1986; Hill et al., 1990; Agarwal & Ramaswami, 1992).

6. Conclusions

This study has examined how CSR Strategy influences the internationalization process for SMEs, operating in the food industry, focusing on two essential decisions, namely International Market Selection (IMS) and Entry Mode Selection (EMS). The study has been based on the following research question: "How does CSR Strategy influence the internationalization process for SMEs within the food industry?". To conclude, the findings of this study suggest that CSR Strategy has a minor and fragmented influence on the factors impacting the Internationalization Processes, both in terms of IMS and EMS. However, the influence within several of the factors in the IMS was more evident, whereas small or no influence could be found in the EMS factors. The empirical findings did not distinctly correspond with the theoretical ideas employed in the conceptual framework, which will be further elaborated upon in the following sections.

The first sub research question "How does CSR Strategy influence the international market selection (IMS)?" aimed at exploring the potential impact the CSR Strategy could have on the IMS. The overall conclusion that can be drawn from the analysis is that the CSR Strategy does have an impact on the IMS, however with minor and fragmented influence. When examining the external factors, it was evident that CSR Strategy had an influence on how Country environment (Whitelock & Jobber, 2014; Magnani et al,. 2018; Papadopoulos & Martín Martín, 2011; Azar, 2014) and Consumer behavior (Douglas & Craig, 1992: Koch, (2001a) was considered in the Internationalization Processes. The first factor had its explanation in that firms tend to expand to markets that are similar, thus with the same economic, social, and political factors as the home market, and therefore values markets that share these similarities. Furthermore, the CSR Strategy's influence on Consumer behavior, had a natural connection because the demand for products with sustainable characteristics, is an obvious prerequisite for all firms within the food industry with a strong CSR Strategy. However, the increased demand could be a result of the enhanced awareness of the environmental aspects in contemporary society. Market attractiveness (Magnani et al., 2018; J**o**hanson and Widersheim-Paulm, 1975; Whitelock & Jobber, 2004; Gaston-Breton & Martín Martín, 2011; Koch, 2001b) had an impact on the IMS, however its connection to CSR Strategy was also scattered, which can be explained by the factor being partly static, that is the market size is the same for all. However, when more in-depth reflections were carried out, the connection to the CSR Strategy could be found, due to the connection to the sustainability demand creating a niched segmentation on various

markets, and thereby the Market attractiveness could be observed differently. The factor Market knowledge and availability of data (Papadopoulos & Martín Martín, 2011; Douglas et al., 1982) did not have a significant impact on the IMS, and furthermore, was not influenced by the CSR Strategy. This could be based upon the fact that many firms today do not instantly reflect upon the availability of information, because data is in general easy to access today.

The impact of CSR Strategy had a more distinct impact on the internal factors, Psychic distance (Andersen & Buvik, 2002; Johanson & Vahlne, 1977; Magnani et al., 2018) and Company strategic orientation and strategic objectives (Koch, 2001b; Magnani et al., 2018). The Psychic distance was as mentioned in the explanation regarding the external factor Country environment, present in the reflection regarding how the Internationalization Processes viewed their home market in contrast to the host market, and thereby measuring the perceived distance. This could be explained by the Internationalization Processes being influenced by the firm structure (SMEs), where choices are still characterized by the home markets, even in the globalized business environment. The CSR Strategy thus had an influence on the Psychic distance, since CSR was one factor decreasing the distance. Furthermore, the Company strategic orientation and strategic objectives was a critical factor in the IMS, since the Internationalization Processes clearly made choices founded in their internal strategy. In Internationalization Processes which shared a strong CSR Strategy, the strategy could be concluded to further influence the decision making regarding IMS.

However, apart from the demonstrated factors, there were other factors contributing to the decision making, not included in the conceptual framework. It can be concluded that the opportunistic behavior strongly influenced the IMS, which is common among SMEs (Schweizer, 2012). In addition to the opportunistic behavior, there was also a pattern of non-systematic actions, which also characterize SMEs in general (Papadopoulos & Martín Martín, 2011; Andersen & Buvik, 2002; Marchi et al., 2014). Furthermore, another factor with impact on the IMS, which was not covered by the conceptual framework, was the importance of the local partner. Therefore, if the market could provide the right partner to the SME, the market could thereby be chosen. This would conclude that in some cases the IMS is driven by the EMS.

The second research question “How does CSR strategy influence the international entry mode selection (EMS)?” focused on how CSR Strategy impacts the EMS. It is evident that the conceptual framework, especially in terms of entry modes, is inadequate to explain the underlying reasons why companies choose specific entry modes, and CSR’s influence. There was a distinct connection between the choice of entry mode and limited resources (Hill et al.,1990), which made exporting the most common option. The reason for this could be that the Internationalization Processes that were examined took place in SMEs. As previously mentioned, and demonstrated by the empirical findings, SMEs often have limited resources, especially financial (Koch, 2001b; Hsu, Chang & Luo, 2017; Ruzzier et al., 2006). Thus, even though a desire was expressed to have local production, partly due to being closer to local markets, but also due to CSR Strategy, for example minimizing transportation, this was not feasible. Another reason, which is related to the abovementioned argument, is the fact that these Internationalization Processes took place within the food industry. As clearly expressed in the empirical findings, the food industry is characterized by small or large companies, which is mainly due to it being highly expensive to operate within. As a result, smaller actors face more obstacles regarding making large investments. Thus, making exporting the most accessible entry mode for smaller actors.

Furthermore, the reason the other factors included in the conceptual framework, was inadequate to explain the underlying reasons for EMS, could potentially be connected to what has been established in the problem discussion. Most of the research within internationalization, particularly EMS, has focused on MNEs (Lin & Ho, 2019; McAuley, 2010; Lu & Beamish, 2001) Thus, the literature regarding EMS and SMEs is less extensive, and the factors included in the conceptual framework has been developed based on the perspective of an MNE. This could explain the little attention that was given to the internal factors, control and risk, since even though entry modes with higher levels of control were expressed to be desired, this was not a feasible option due to lack of resources. The external factors were to some extent considered, but in the end, these did not have an impact on the EMS, since exporting was the choice made in most of the Internationalization Processes, which as mentioned were the only reasonable option. Additionally, in the Internationalization Processes, which were characterized by a specific structure regarding the business model or the business idea, which had a strong influence on the entry mode, and made exporting the only realistic option.

Furthermore, due to the conceptual framework weakness in explaining the EMS, it was therefore difficult to tell whether the CSR Strategy had an influence on the reasoning of the external and internal EMS factors. To conclude, based on the empirical findings and the conceptual framework utilized in this study, how CSR Strategy influences the choice of EMS, could not be distinguished. Even though small connections could be discerned, it is difficult to determine whether it is CSR Strategy itself, or if it is a combination of aspects that impacts the EMS decision.

6.1 Theoretical Contributions and Revised Framework

As stated in the problem discussion, the earlier literature is scarce in the area of SMEs internationalization (McAuley, 2010; Ruzzier et al., 2006), therefore the aim with this study was to enhance the understanding of SME internationalization. Furthermore, the existing research is unexplored regarding IMS (Musso & Franciono, 2014) and EMS (Bruneel & De cock, 2016; Lin & Ho, 2019), and thus our study contributes to extending current research withim these fields. The interdisciplinary connection between internationalization and CSR Strategy has been made in earlier literature and is an area that is progressing (Attig et al., 2016; Bondy and Starkey, 2014; Khojastehpour & Saleh, 2020; Zyglidopoulos, et al., 2016; Marano, Tashman & Kostova, 2017). However, more research is needed (Bondy & Starkey, 2014; Attig et al., 2016; Colovic & Henneron, 2018). Thereby, this study can contribute with further insights about the connection between CSR and internationalization. Even though the result did not show any strong CSR influence on the internationalization process, in general, there still were some connections that could be distinguished. Furthermore, we have contributed to the research field, by illustrating that IMS and EMS can be examined together.

Due to the conceptual framework being limited in explaining the CSR strategy's influence on internationalization, it is evident that the framework needs alterations. However, since there were many components in the framework that were inadequate, it is proposed to explore other options to examine and explain the connection.

6.2 Managerial Implications

Managers, or similar titles, within both the sustainability and strategic field of the company, especially within SMEs, can benefit from both being aware that the CSR Strategy is now permeating whole organizations. Even though there was no strong influence from CSR to IMS

and EMS, there was still an expressed interest from the professionals included in the study. Therefore, it is argued that this will be of more interest and receive more attention in the near future by firms and decision makers.

6.3 Future Research and Limitations

Due to this study being based on a comparative design, which has provided a wide perspective focusing on several cases, it was therefore not able to get in-depth knowledge about a specific case. Therefore, it could be of interest to get a more in-depth perspective, which is of particular interest since these decisions are complex in nature, and therefore need more in detail examination, which could be done through a single case study. In addition, a quantitative research strategy could be employed, in order to measure the degree in which CSR Strategy has an impact, and furthermore examine which factors could be included in a future conceptual framework.

Furthermore, more research is needed in order to understand the internationalization process and on how CSR strategy influences this process. This study focused on SMEs, which in the research within internationalization has not been researched to the same extent as MNEs. It was clear the theoretical framework used in this study was partly insufficient in explaining this process, which could be explained due to most research that has been conducted, has focused on MNEs. Thus, more research is needed that focuses on trying to explain this process from the perspective of SMEs. Since the connection between this field and CSR is unexplored, better tools to explain this relationship are needed. Furthermore, it would of interest to explore this relationship within another industry.

Additionally, one aspect highlighted in the empirical literature, was the opportunistic behavior, which has been previously emphasized in literature (Schweizer, 2021), however, to our knowledge without any explicit connection to CSR. It would be of further interest to explore the connection between opportunistic behavior and CSR, in the impact it could have on the internationalization process.

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Appendix 1 Interview Guide in English

Introduction

● How long have you worked at this company?

● What position do you have?

● How many employees are you in total?

CSR

● How do you view sustainability?

● How does your company incorporate sustainability within the business?

● What type of sustainability issues are most specific to your industry?

● Which sustainability issues are your company facing? and which are the most essential?

IMS

● In which markets are you present?

● Why did you choose those markets?

● What underlying factors influenced those choices?

● Were some factors more important than others? ○ If yes, why?

Entry modes

● Which kind of entry modes did you choose/use when you entered the markets you are present in? (Export, JV, wholly-owned subsidiary, combination)

● Why did you choose that entry mode?

● What underlying factors had an impact on your choice?

● Were there some factors that were more important than others?

Final question

- Is there anything else that you feel is relevant that you would like to add? Something that needs clarification?
- Can we contact you if we have a follow-up question? / Would you mind having a follow up interview?
- Is there anyone you would recommend us to contact?

Appendix II Interview Guide in Swedish

Allmänt:

● Hur länge har du arbetet på företaget?

● Vad är din roll?

● Hur många anställda är ni?

CSR

● Hur ser du på hållbarhet?

● Hur har ni inkorporerat hållbarhet i er verksamhet?

● Vilka hållbarhetsutmaningar är mest specifika för er industri?

● Vilka hållbarhetsutmaningar är era (företagets) mest väsentliga?

IMS (International Market Selection)

● Vilka marknader finns ni på idag?

● Varför valde ni de marknaderna?

● Vilka faktorer låg till grund för ert val av marknader?

● Var det vissa faktorer som var viktigare än andra? ○ Om ja, varför och på vilket sätt?

Entry modes

● På de marknaderna som ni finns idag, på vilket sätt har ni etablerat er? (Export, JV, wholly owned subsidiary, kombination)

● Varför valde ni det tillvägagångssättet?

● Vilka underliggande faktorer låg till grund för ert sätt att komma in på marknaden? (kontroll, resurser, risk)

● Var det vissa aspekter som var viktigare än andra?

Övrigt:

● Är det något annat som du tycker är relevant som du vill tillägga? Något som behöver tydliggöras?

● Får vi kontakta dig om vi har fler frågor? /Kan du tänka dig att ställa upp på en till intervju?

● Är det någon du tycker vi ska prata med?