HEALTHY BUSINESS FOR SMALL FIRMS IN THE REBIRTH OF A TRADITIONAL INDUSTRY

An Exploratory Study of the Influential Factors on Swedish Medical Service SMEs Internationalization Process

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ABSTRACT

The healthcare service sector has recently entered the global arena and many nations sectors has opened up for private initiatives, which is explained by the rapid development and structural changes within the industry. However, regardless of considerable interest in the area among academics, very little has been concluded in terms of investigating internationalization of healthcare related services. The purpose of this study is to contribute with an enriched understanding regarding how Swedish medical service SMEs internationalize and what factors influence how - and in what way - the process unfolds. A conceptual model is developed, extending the theoretical discussion by integrating established SME and entrepreneurship literature with extant IB literature relevant for political salient industries. Conducting an exploratory multiple case study, rich empirical data is collected and analyzed in the light of the conceptual model. The research findings indicate that knowledge, networks, and institutional factors influence how the internationalization process of medical service SMEs unfolds to a large extent. The research contributes by concluding that the nature of the service as well as the home market institutional context constitute pivotal influential factors on the firms’ internationalization process and are added to the refined conceptual framework.

Keywords: SMEs; Healthcare Services; Internationalization Process; Networks; Knowledge; Institutional Context
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1. INTRODUCTION

1.1 Healthcare Services: A Growing Opportunity for Swedish Export

The healthcare service sector has recently entered the global arena and the growth of the international trading of such services has started to emerge (Venkatesh & Jayachandran, 2008). An explanation for this recent phenomenon can be attributed to the increasing tendency among many advanced capitalist countries to privatize and contracting out welfare services as a response to mounting health care expenditures stemming from societal cost pressures (Mohan, 1991; Holden, 2005b; Outreville, 2007). Such forces have in turn urged and paved the way for a number of New Public Management (NPM) reforms in the early 1990’s in a call to develop more market like conditions within the public sector (Anell et al., 2012; Kamp & Hvid, 2012). Following this, many nations opened up their respective healthcare sector for private initiatives, leading to a rising number of private actors entering the hitherto closed sector (Anell et al., 2012; Vårdföretagarna, 2013). Consequently, this has enabled previously regulated companies to cease upon opportunities to expand their operations internationally (Holden, 2005b; Outreville, 2007), which has accelerated the internationalization of the industry (Holden, 2005a; Holden, 2005b). In line with the global phenomenon outlined above, Sweden’s healthcare system has become increasingly deregulated during the last decade (Anell et al., 2012)

The healthcare sector, including medical services, constitutes the largest branch within the classification of Swedish service companies (Vårdföretagarna, 2013). The private firms within the segment are majorly (99,5%) small and medium sized enterprises (SMEs) (Vårdföretagarna, 2013) as classified by OECD (2013) definition. The ambition among these firms to grow internationally and cease global opportunities’ is evident from the report published by NUTEK in 2008, where 10 percent of the SMEs within the industry considered establishment abroad within the nearest five years (NUTEK, 2008). According to the semigovernmental foundation Swecare, the health care industry is considered to be one of the most promising industries for the future growth of the Swedish economy (Swecare, 2012). Moreover, in conjunction with the changing industry landscape and the increasing number of international private markets (Munkhammar, 2010), new attractive opportunities to leverage on Sweden’s prominent reputation within the industry for Sweden’s abundant small and

1 SMEs is made up of enterprises which employ up to 500 persons (OECD, 2013)
medium sized healthcare service firms has presented themselves.

1.2 Problem Discussion

Although the trend in healthcare is towards more open markets, healthcare is still amongst the most heavily regulated sector of a nation’s economy, embedded in state structures at the national level (Smith, 2004; Orava, 2005). The social importance of securing and providing health services requires a high degree of government intervention compared to many other sectors. Hence, the institutional context such as rules, laws and regulations, regarding for instance standards of health care, foreign establishment, reimbursement systems and public procurement have an extensive impact on healthcare related services, which varies greatly between countries (Smith, 2004; Holden, 2005a). Furthermore, due to the high involvement of public actors within the sector, it can be assumed that they play a critical role for internationalizing firms. Thus, knowledge regarding institutional context, as well as establishing network relationships with public actors and various government agencies, are vital for firms aiming to venture abroad within the industry (De Sousa & Figueira de Lemos, 2009; Figueira de Lemos, 2013). However, how the institutional context and the political environment influence the process remains a vital, yet understudied, aspect within the discourse (Achtenhagen, 2011; Figueira de Lemos, 2013).

Moreover, regardless of considerable interest in the area of internationalization among academics, very little has been concluded in terms of investigating the characteristics’ associated with internationalization of healthcare related services (Orava, 2001, 2005). Whilst some sectors related to the delivery of health and social care are known to be highly internationalized, such as pharmaceuticals or medical equipment, less is known about direct service providers\(^2\) (Holden, 2005a; Munkhammar, 2010). This research gap has been highlighted by authors such as Orava (2001), Holden (2003, 2005a) and Barnes et al. (2006) who argue that the literature within the international business discourse is inadequate for a profound understanding of internationalization of medical services.

Although some work has been done within the field, previous research have mostly been centered on the national level of analysis regarding how private provisions influence the global supply of healthcare activities, or internationalization among large healthcare corporations and impacts on FDI on the host country nation (see Hall, 2001; Holden, 2003, 2005b).

\(^2\) Providers or health related services include direct providers of health and social care services to the end consumer as well as suppliers of services to states and/or private providers. Examples of the former may include acute health care, elderly care, general clinics or specialist services. Examples of the latter may include ancillary services such as management services (e.g. of hospitals) consultancy and educational services (Holden, 2005b).
2005a, 2005b; Smith, 2004; Outreville, 2007). With the exception of Orava’s (2001, 2005) and Barnes et al.’s (2006) research, studies that undertakes a firm-level approach seems to be scarce. According to Smith (2004) the lack of empirical data within this field can be explained by the rapid development and structural changes, which has opened up for private participation within the sector. Based on the reasoning above, we argue that further research needs to be conducted within this field, thus the following research question constitutes the focus of this study; *How does Swedish SME medical service providers internationalize? What factors influence how – and in what way – the process unfolds?*

### 1.3 Research Purpose and Contribution

Based on the discussion outlined in the background, the purpose of this study is to contribute to an enriched understanding regarding how the internationalization process of Swedish small and medium sized medical service firms evolve.

Having a better understanding of how SME medical service providers internationalize and which factors influences the process will constitute vital contribution to both academia and practitioners. In terms of *empirical contribution*, this study contributes to extant international business (IB) research on the internationalization process of SMEs by exploring a unique and newly emerged empirical context. Moreover, the study contributes to an deepened understanding of how institutions matter for the firms’ internationalization process within a political salient and heavily regulated industry by entailing insights from both developed and developing markets, in which the institutional framework differs. Furthermore, this study makes a *theoretical contribution* by developing a conceptual model, which extends the theoretical discussion regarding the internationalization process of SMEs through integrating established SME and entrepreneurship literature with extant IB literature relevant for political salient industries. In terms of *practical contribution* the identified challenges and hinders experienced by the Swedish medical service SMEs will constitute valuable information for business support organizations as well as governmental commerce departments in their quest for providing assistance for such firms operating in the rapidly emerging medical service industry. In addition, the study discloses important managerial implications in terms of important aspects of how SMEs internationalize within the politically salient industry and the factors that influences the process, by identifying barriers as well as important considerations to overcome such.
1.4 Thesis Disposition
The first chapter has introduced the research background and discussed the identified research gap before presenting the purpose of paper and the stipulated research questions. The second chapter presents a literature review, from which a conceptual model is developed. The underlying methodological considerations of the paper is further presented and discussed in chapter three. An empirical context is outlined in the fourth chapter before the presentation of the empirical findings in chapter five. The sixth chapter outlines the analysis of the empirical findings and seventh chapter concludes the paper by presenting the revised conceptual framework, discusses the study’s contributions and limitations, and provides suggestions for further research.
2. LITERATURE REVIEW

2.1 Introducing the Internationalization process of service SMEs
The phenomenon of internationalization has engendered a rich amount of research, including a wide variety of perspectives. This study undertakes a view in line with the international process perspective, as the present research seeks to advance the knowledge of how the process unfolds and how key factors influence the process – aspects which constitute focal points within the process view discourse (Johanson & Vahlne, 1990; Melin, 1992; Welch & Luostarinen, 1988). Most scholars have described internationalization as the outward movement in a firms international operation (Turnbull, 1987). However, a single universally accepted definition of the term remains elusive (Andersen, 1997; Coviello & McAuley, 1999). Given the stated approach to internationalization, the study adheres to the definition given by Welch and Luostarinen (1988), which define internationalization as “the process of increasing involvement in international operations across borders” (Welch & Luostarinen, 1988:36). In the following section the internationalization process of service SMEs is in focus.

The interest for studying SMEs internationalization has sharply increased in recent years in parallel with their amplified tendency to take advantage of the enabling forces of globalization and expand across borders (O’Farrell & Wood, 1994; Morgan & Katsekias, 1997; Barringer & Greenwhich, 1998; Hutchinson et al., 2005; Lee et al., 2012). However, given the size-related vulnerability of SMEs, the stakes of venturing internationally are high compared to larger firms (Hutchinson et al., 2005; Lee et al., 2012). Due to the unique difference in ownership and operating characteristics, as well as size related issues, such as financial and human resource constraints, smaller firms interact differently with their environment, which impact strategy, and consequently the outcome of its internationalization (Lu & Beamish, 2001; Hutchinson et al., 2005). Hence, frameworks developed to explain larger firms internationalization process cannot be directly applied to smaller firms (ibid).

In addition, the trade impediments, including regulatory and preferential requirements, are more diverse in the trade of services in comparison with products (O’Farrell & Wood, 1994). In regards to market selection, literature has suggested that following customers overseas has been particularly emphasized in service firms (Erramilli, 1990). In addition, O’Farrell & Wood (1994) argues that the choice of market for service firms operating on project basis becomes determined as a by-product of the contract. Moreover, literature reveals that FDI as a
mode of entry for service firms is more commonly employed in comparison to non-equity arrangements (O’Farrell & Wood, 1994; Malhotra & Hinings, 2010). Given the intangibility of services, where value and knowledge is generated in the delivery and execution, it is difficult to separate such from the provider through export (O’Farrell & Wood, 1994).

2.2 The Main Elements within the Internationalization Process: The first part of the Conceptual Model

We address the knowledge gap on medical service SMEs internationalization process by presenting a conceptual framework developed from, and based on, broader established SME internationalization process literature. In the following section the rationale behind the first part of the model will be presented.

Research within international business incorporates four key aspects, which are highlighted as main elements within the internationalization process and are thus chosen as core factors in the model. These factors are (1) motives and triggers for internationalization, referring to all factors, which influence firms’ decisions to initiate, develop and sustain their international activities (Leonidou, 1995). The fundamental reason for internationalization in most firms is to enhance their profitability and consequently their survival (Crick & Spence, 2005; Hollensen, 2007). However, one factor alone seldom accounts for any given action. Thus, the phenomenon has urged a widespread stream of research and constitutes a vital element in the internationalization processes of the firm (Morgan & Katsikeas, 1997). (2) The international market selection (IMS) process constitute a second vital factor, which entails firms’ identification and selection of which market(s) to enter and in which order (O’Farrell & Wood, 1994; Andersson, 2004; Hollensen, 2007). Parts of the IB literature streams embrace a rational approach towards IMS decisions, where the selection is made on the basis of objective information gathered systematically via market research. However, studies have shown that firms rarely follow this in practice (Ellis, 2000; Hollensen, 2007). Various empirical studies instead indicate that market selection decisions are often made ad hoc, for “non-rational” reasons that defy the optimizing logic of the market. Proponents of the process based literature stream often adhere to this viewpoint in term of firm’s internationalization process (Ellis, 2000; Johanson & Vahlne, 1977). Either way, the element is an important part of the firms’ internationalization process as the selection can potentially be a major determinant of a firm’s success and failure (O’Farrell & Wood, 1994; Andersson, 2004). Often closely related to, and interrelated with, market selection is (3) the choice of entry mode, which the IB literature highlights as a frontier-issue in conjunction with firms
internationalization (Erramilli & Rao, 1993; O’Farrell & Wood, 1994; Malhotra & Hinings, 2010; Ripollés et al., 2012). As a firm internationalizes it faces complex choices among numerous forms of institutional arrangements such as wholly owned subsidiaries, joint ventures and non-equity arrangements, such as licensing and management contracts (Malhotra & Hinings, 2010). Each of these forms relates to diverse levels of investment in committed assets in foreign markets, tangible and intangible, and thus constitutes a vital aspect of an internationalization process (ibid.). A fourth element, which has been extensively highlighted as critical elements in firms internationalization constitutes (4) barriers and hinders, which surrounds the internationalization path. Barriers refer to “all those constraints that hinders the firm’s ability to initiate, develop, or to sustain business operations in overseas markets” (Leonidou, 2004:281). These hinders can be of different origin; however a common classification is usually done between internal and external, where the former stems from the firms resources and capabilities, such as lack of financial resources and foreign market knowledge, while the latter originates in the environment of the domestic and/or foreign markets, such as cultural and political impediment (Bell, 1997; Morgan & Katsikeas, 1997; Leonidou, 2004; Hollensen, 2007). The following image illustrates the four main elements within the internationalization process of the firm, as depicted in this thesis, and constitutes the first part of the conceptual framework.

![Main elements within the internationalization process of the firm (authors own)](image-url)
2.3 The Key Influential Factors on the Main Elements of the Internationalization Process: The Second part of the Conceptual Framework

The concepts of knowledge, network and institutional context have been emphasized in the literature as key aspects, which influence the elements of the internationalization process described above.

Learning and knowledge has been widely recognized as a vital factor in conjunction with firms’ internationalization (Forsgren, 2002; Ruzzier et al., 2006; Johanson & Vahlne, 2009; Achtenhagen, 2011). Much of the extant IB process literature and research on SMEs internationalization is inspired by the seminal work of Johanson and Vahlnes Uppsala model, which highlights learning and knowledge as key mechanisms of firms’ internationalization. Moreover, as SMEs are commonly led by the owner and where top management is a shared effort, the importance of the entrepreneur and top management should also be recognized as a vital variable in SMEs internationalization (Crick & Spence, 2005; Suárez-Ortega & Álamo-Vera, 2005; Chetty & Campbell-Hunt, 2003). However, this fact seems to be neglected in most process-oriented research (Ruzzier et al., 2006). Hence, the conceptual framework integrates research conducted in the field of international entrepreneurship, which among other things illustrates the link between the firms international development and the influence of the individual entrepreneurs accumulated knowledge and experience (McDougall & Oviatt, 2000; Shane, 2000; Crick, 2009). Moreover, recognized both in the international entrepreneurship literature and in the later work of Johanson and Vahlne (see 1992, 2003, 2006, 2009), is the heightening importance of networks in conjunction with firms internationalization processes. Several studies (Coviello & Munro, 1995; Lu & Beamish, 2001; Achtenhagen, 2011; Ibeh & Kasem, 2011) have highlighted the significance of networks in relation to SMEs internationalization, whose development tend to be dependent on relationships in order to overcome, resource-, experience-, and market knowledge limitations. Thus, the concept of network constitutes the second key factor in the conceptual model. Lastly, as healthcare firms are operating within a highly regulated and political salient industry, the conceptual framework adds the institutional context and particularly, the political elements of the environment. Although recognized in the extant IB research, the influence of the institutional context and the role of the government in the internationalization process have been somewhat overlooked (Peng et al., 2008; Figueira de Lemos, 2013). Hence, the conceptual framework integrates ideas and concepts from institutionalism studies, which advocates the inclusion of institutional and political elements as a part of firms’ internationalization.
Based upon above reasoning, the following conceptual model has been developed in order to depict the key factors influence on the main elements of the internationalization process.

![Diagram](image)

*Figure 2. The key influential factors & their influence on the internationalization process (authors own)*

The model follows a sequential structure according to the process view of internationalization, where triggers and motives precedes the continued internationalization process in which market selection commonly precedes the choice of entry mode. However, the interaction between the variables and the influences from hinder and barriers as well as knowledge, networks and the institutional context, might alter the sequence of the process. The same factors will also impact upon the subsequent internationalization process, through accumulated experiences, knowledge and networks.

In the following section the key influential factors of the model and their influence on the main elements of the internationalization process will be further elaborated upon.

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3 It should be acknowledged that the key influential factors are interrelated and consequently affect each other. However, the purpose of the study is not to explore their interaction between each other but rather their influence on the process.
2.3.1 The influence of Knowledge: An Evolving Logic

Behavioral models describing the process of internationalization emphasize the impact of knowledge on a firm’s internationalization (Forsgren, 2002). The Uppsala model draws upon studies describing the internationalization as a series of incremental decisions, in which firms successively enhance their market knowledge, through gradual accumulation and integration of experience in the market, in order to increase their international commitment (Johansson & Wiedersheim-Paul, 1975; Johansson & Vahlne, 1977, 1990). The main source of market knowledge thus stems from the firms operations in the specific market. Due to the tacit nature of such knowledge it differs from more objective internationalization knowledge, as it can only be acquired through personal experience (Johanson & Vahlne, 1977, 1990, 2009; Forsgren, 2002; Andersson, 2004). By incrementally committing resources through a chain of establishment, ranging from low-resource commitment modes such as export, to high resource commitment modes such as wholly owned subsidiaries, firms can gradually accumulate experiential knowledge in order to reduce the barrier of uncertainty (ibid). Hence, experiential knowledge drives the internationalization process (Johansson & Vahlne, 2009).

The notion of psychic distance has been introduced, defined as “the sum of factors preventing the flow of information from and to the market” (Johanson & Vahlne, 1977:24), which refers to differences in institutional, economic, and cultural factors, which acts as barriers to internationalization (Johanson & Vahlne, 2009). Hence, psychic distance influences the selection of foreign markets, where markets with low psychic distance require less experiential knowledge, and are thus favored. Similarly, psychic distance influences mode of entry, as markets with greater psychic distance corresponds to greater uncertainty, which reduces the resource commitment (Johanson & Wiedersheim-Paul, 1975; Johanson & Vahlne, 1977, 1990).

However, several authors (Forsgren, 2002; Andersson, 2004; Malhotra & Hinings, 2010) argue that it is too narrow to assume that experiential knowledge is the main moderator of market uncertainty. More recent literature (Oviatt & McDougall, 1994, 2005; Forsgren, 2002; Andersson, 2004; Malhotra & Hinings, 2010) has challenged the traditional stage models by highlighting that there exists other ways to acquire vital knowledge than through the time-consuming incremental process, and other types of knowledge than experiential knowledge. For instance, Johanson and Vahlne (2009) have, in their revisited model, acknowledged that more general internationalization knowledge is important in addition to market specific. In addition, Forsgren (2002) argues that there are other forms of knowledge than that stemming
exclusively from experience, such as knowledge acquired through imitation, network relationships and incorporation of people. Oviatt & McDougall (1994) builds on such reasoning by arguing that an increasing amount of firms tend to deviate from the traditional pattern of internationalization and states that the process unfolds much more rapidly now, as other sources of knowledge have become accessible. International New Ventures (INV) are examples of such firms and are defined as “business organizations that, from inception, seek to derive significant competitive advantage from the use of resources and the sale of outputs in multiple countries” (Oviatt & McDougall, 1994:470). As these firms are commonly size-constrained, it has been argued that they will favor relatively low commitment entry modes in order to overcome barriers such as lack of institutional knowledge and resources (Coviello & Munro, 1997; Ripollés et al., 2012). However, contrastingly, Ripollés et al.’s (2012) research explains that the firms international market orientation, derived from an early international entry in conjunction with an entrepreneurial orientation to constantly scan and monitor foreign markets, has a positive influence on the firms resource commitment (ibid). Hence, in addition to experiential knowledge, the accumulation of foreign market knowledge developed in a non-incremental manner is important to consider, as it can accelerate the internationalization process through leap-frogging modes of entry in the establishment chain (Malhotra & Hinings, 2010; Ripollés et al., 2012).

Furthermore, entrepreneurship literature emphasizes the entrepreneur as an important source of knowledge in SMEs and discusses how knowledge stemming from the entrepreneurs previous experience in foreign markets reduces uncertainties and makes business opportunities visible (Eriksson et al., 1997; Suárez-Ortega & Álamo-Vera, 2005; Lindstrand et al., 2011). Several authors (Crick & Spence, 2005; Suárez-Ortega & Álamo-Vera, 2005; Achtenhagen, 2011) argues that owners and managers prior occupations in for example exporting companies or membership in trade and professional associations reinforces the decision makers’ knowledge and openness towards evaluating foreign markets, thus influencing the initiation or expansion of international activities. In line with Johanson and Vahlne’s (2009) emphasis on internationalization as contingent on developing and exploiting emerging opportunities in their revised model, the entrepreneurship literature extends the previous neglected aspects of opportunity development and detection. The entrepreneurs’ behavioral characteristics, in combination with previous knowledge and experiences, are emphasized as explanatory variables for opportunity detection in SMEs (Johanson & Vahlne,
2009; Ripollés et al., 2012). Such variables also influence the perceived psychic distance, and consequently, the firm’s market selection and choice of entry mode.

As psychic distance or experiential knowledge no longer fully describes a firm’s market selection or entry mode, a new field of research has emerged, which highlights the importance of networks (Ruzzier et al., 2006; Jansson & Sandberg, 2008).

2.3.2 The influence of Networks: An Emergent Logic

The importance of network relationships on SMEs internationalization processes has been widely recognized (Coviello & Munro, 1995, 1997; Coviello & Martin, 1999; Lu & Beamish, 2001; Johanson & Vahlne, 2003; Achtenhagen, 2011; Ibeh & Kasem, 2011; Zain & Ng, 2006). Firms’ networks incorporate both formal (e.g. customers, suppliers and government) and informal (e.g. family and friends) relationships (ibid). Moreover, several scholars (Ellis & Pecotich, 2001; Oviatt & McDougall, 2005; Ojala, 2009) have highlighted the importance of intermediary relationships for SMEs development. In intermediary relationships, there is no direct contact between the parties, but a third actor, facilitates the establishment of the relationships between the players. In the revised Uppsala model, the notion concerning firms’ dependency on resources controlled by other actors are highlighted, and that firms can access these resources through their network position (Johanson & Vahlne, 2009). Hence, internationalization is viewed as the outcome of firm actions to develop and establish relationships and thus strengthening its network positions (Coviello & Munro, 1997; Coviello & McAuley, 1999). Due to relationship-dependence and interconnectivity, the firms internationalization process emerges as a pattern of behaviors influenced by a range of business relationships with actors in its current markets, both domestic and international (Coviello & Munro, 1997; Coviello & McAuley, 1999; Johanson & Vahlne, 2006, 2009).

Since networks in one country may extend far beyond country borders, opportunities arise as firms can leverage on its relationship in a domestic network and use it as a bridge to other networks in other countries (Johanson & Mattson, 1988; Coviello & Munro, 1997). Consequently, the traditional managerial problems associated with foreign market venture, such as overcoming liability of foreignness (e.g. psychic distance) are of less importance (Coviello et al., 1998). Instead, the focus is towards network insider or outsidership (Johanson & Vahlne, 2009). According to Johanson and Vahlne (2003, 2009) a firm’s success requires that it is well established in one or more relevant networks, also referred to as a network insider. Moreover, if a firm aspires to enter a foreign market where it currently has
no relevant network position it will suffer from a liability of outsidership. This constitute a vital challenge for the entering firm, which has to identify relevant market actors in order to determine how they are interconnected (Johanson & Vahlne, 2009). This is a complex procedure as business relationships are subtle phenomena, which cannot be easily observed by an outsider. Moreover, an additional critical issue in conjunction to foreign market entry is that building relationships is a costly, time-consuming and uncertain process (Johanson & Vahlne, 2006). When trying to develop and establish relationships, it is assumed that foreignness may complicate the process (Johanson & Vahlne, 2009). As noted by Johanson and Vahlne (2009:1414) “the larger the psychic distance, other things being equal, the more difficult it is to build new relationships”. In that sense psychic distance still influences the internationalization process. However, the relationship between market entry and psychic distance applies at the level of the decision maker, not the firm (ibid).

Moreover, networks have been found to act as catalysts for international expansion (Johanson & Vahlne, 1990). Research has shown that network relationships triggers knowledge opportunities and motivates firms to enter international markets (Johanson & Vahlne, 1990; Ellis, 2000; Chetty & Patterson, 2002; Zain & Ng, 2006). The founders/managers personal networks have shown to facilitate the identification of business opportunities, thus acting as a triggering factor for SMEs internationalization (McDougall et al., 1994; Crick & Spence, 2005; Achtenhagen, 2011; Lindstrand et al., 2011). Based on this notion, Ellis (2000) argues that knowledge of foreign market opportunities is reliant upon the idiosyncratic benefits of each individual’s social network.

Furthermore, Chetty and Patterson’s (2002) research findings reveal that export promotion organizations and industry group networks have a triggering effect, influencing firms’ internationalization in terms of overcoming limited knowledge and experience of internationalization. Hence, export promotion agencies and policies, as well as related networks, are also crucial drivers for SMEs internationalization (Morgan & Katsikeas, 1997; Chetty & Patterson, 2002; Crick & Spence, 2005).

As formal and informal network relationships generates possibilities to identify and exploit opportunities, scholars argue that they will have a considerable impact on the particular geographic market a firm decides to enter, as well as which entry mode to use (Bell, 1995; Coviello & Munro, 1997; Johanson & Vahlne, 2003, 2009). Specifically, Coviello and Munro’s (1997) research revealed that each firm’s internationalization process was clearly
influenced by their partners and their networks, which guided foreign market selection and provided the mechanism for market entry mode. Additionally, Ojala’s (2009) research highlights intermediary relationship with export commissions as critical for SMEs that does not have any formal or informal relationships they can use for market entry. Hence, these actors act as brokers for establishing necessary contacts in a given market, and are thus vital for firm’s internationalization.

Based on the above reasoning, several authors have highlighted that opportunities in international business are becoming less a matter of country specificity, and more about network specificity (Johansson & Mattson, 1988; Johanson & Vahlne, 2009, 2006). However, Ojala’s (2009) research suggest that networks does not suffice to explain certain market selections or modes of entry by contradicting the assumption that network seen as determinants, or initiators, for SMEs internationalization into distant markets. Ojala (2009) builds on Oviatt & McDougall’s (1994) research conducted related to opportunity seeking behavior of early internationalizing firms, by arguing that such network relationships are relevant when internationalizing to close markets, but other explanations are required in order to understand SMEs internationalization to distant markets. The findings revealed that SMEs initiatives to enter distant markets are more likely to select target market based on a strategic decision, such as market size or market potential, rather than being influenced by a network relationship or despite lacking a network (Ojala, 2009). Similarly, the choice of entry mode might be determined on the basis of service requirements and strategy for implementation, as such are emphasized as crucial aspects to consider in SMEs (Sharma & Blomstermo, 2003; Ojala, 2009). Hence, in accordance with Oviatt & McDougall’s (1994) research, SMEs are argued to proactively seek opportunities to venture to distant markets early in their internationalization, instead of reacting to initiatives stemming from the network relations (Ojala, 2009).

While networks and relationships in IB literature have been explored extensively, an important, yet understudied, phenomenon within the discourse is the interplay between the political institutions and business actors (Hadjikhani & Håkansson, 1996; Hadjikhani & Ghauri, 2001; Hadjikhani et al., 2008).

2.3.3 The influence of Institutional Context: A Developing Logic
Institutions are commonly referred to as the “rules of the game” incorporating both informal institutions (e.g. culture and ethical norms), which underpin formal institutions (e.g. laws and
within the institutional context, governments and other related power branches provide a framework of rules and regulations, which private firms are deemed to follow (Welch & Wilkinson, 2004; Figueira de Lemos, 2013). Scholars (Delios & Henisz, 2003; Peng et al., 2008, 2009; Figueira de Lemos, 2013) argue that the inclusion of the political dimension in the internationalization process should always be considered, as the government has a discretionary power over other factors influencing firms’ internationalization by being able to alter the environment almost instantly. The political element becomes further illuminated in relation to political salient industries because of its widespread impact on these firms’ commercial activities (Garcia-Canal & Guillén, 2008). Political salient industries, such as health care, which often have had a long history of being publicly owned, possess a greater probability of government involvement, as society expects that the business owner and operator of the industry will balance private and public objectives (Henisz, 2003; Holden, 2003; Garcia-Canal & Guillén, 2008). Moreover, political salient industries are exposed to a multifaceted institutional environment, which includes a wide array of regulations such as service standards, service requirements, licenses and accreditation, which actors needs to consider (Welch & Wilkinson, 2004; Garcia-Canal & Guillén, 2008). As the political institutions have an ideological dimension, the framework can change when new political and societal values becomes embodied in altered rules and regulations, thus further causing uncertainty (Welch & Wilkinson, 2004; Garcia-Canal & Guillén, 2008). As such ideologies differ across nations, so too does the closely integrated political institutional environments, which differs particularly between developed and emerging economies (Peng et al., 2008). Due to their undergoing transformation, emerging markets are characterized by a higher degree of market instability and turbulence in comparison to developed economies, which presents significant barriers to entering firms (Jansson, 2007). These barriers can reveal themselves through political risks, prevalence of corruption and expropriation of funds (Knight & Cavusgil, 2004; Jansson, 2007). Thus, firms within a political salient industry face considerable challenges when venturing abroad in general, and to emerging markets in particular. Several authors (Henisz & Delios, 2001; Delios & Henisz, 2003; Figueira de Lemos, 2013) have highlighted that the institutional context and the political environment will influence how the firms’ internationalization process unfold.

As several political salient industries have undergone considerable deregulations, Garcia-Canal and Guillén’s (2008) research indicates that privatization offers opportunities to enter
foreign markets, hence triggering the initiation to internationalize. Where these opportunities
arise depends on the countries degree of deregulation and its specific institutional
circumstances, which varies between countries, thus influencing the firms’ international
market selection (ibid). Moreover, other research findings shows that the level of political
instability affects the choice of markets, where a higher degree of policy uncertainty
negatively influences, or even deter, market entry (Henisz, 2003). Political instability refers to
the probability that governments alter the “rules of the game”, which might have negative
implications upon the entry firms interests (Henisz, 2003; Garcia-Canal & Guillén, 2008).
Furthermore, Garcia-Canal and Guillén (2008) findings suggest that firms’ international
experience of politically unstable markets will affect the firms’ choice of market selection. As
firms will be exposed to different levels of political instability, their criteria for market
selection will be revised, and their tolerance for policy risk will be reduced (ibid).

However, other research suggests that if the firms have generated a sufficient level of
institutional knowledge in order to negotiate favorable treatment they may still consider
expanding into politically unstable markets (Garcia-Canal & Guillén, 2008). In this regard,
having direct access to government officials or other political actors is considered of high
value in order to establish relationships and agreements (ibid). This resembles Hadjikhanis et
al.’s (2012) argument that the only way to manage the political risk is to interact with the
political community. Moreover, Hadjikhanis & Ghauris (2001) argues that relationships with
domestic associations as well as host country embassies are especially important in regards to
political salient industries, which can act as legitimate intermediaries for firms in order to
establish necessary relationships with the political community in the host country.

The notion of political instability, mentioned above, also impacts the firms’ choice of entry
mode. According to Delios & Henisz’s (2003) research, uncertainty stemming from the public
policy environment amplifies the hardship of collecting, interpreting and organizing necessary
information in order to make a high resource commitment. In addition, if uncertainty about a
culture and the policy environment are high, a significant amount of learning is required,
which reduces the likelihood of high resource entry mode (Delios & Henisz, 2003). This is
particularly relevant to SMEs, as Maekelburger et al. (2012) argues that these firms are
generally sensitive to external influences. As the resource constrains also limits error margins,
resource commitment of ‘non-redeployable’ investments to a single specific market involves a
higher degree of risk, making the consequences of failure more costly (ibid). Hence, if the
institutional environment is characterized by volatility and uncertainty, such fact strongly

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influences the choice of entry mode by SMEs (ibid). Nevertheless, Garcia-Canal and Guillén (2008) claims that the nature of regulated industries requires a strong commitment of resources, thus contradicting the traditional incremental theories. This is due to the often strict regulations placed on licenses by the government, and the commonly partly owned governmental industry, which requires commitment in order to seize opportunities when they arise (ibid).

Furthermore, Smith (2004) and Henisz (2003) states that it is common for firms within political salient industries to embrace a joint venture with local partners, as they possess a fundamental understanding of the political system, and necessary connections, in order to manage political uncertainty. Smiths (2004) review of literature concerning FDI and trade in health services, argues that most foreign firms find it risky to invest in emerging markets, which further requires a local partner with an understanding of the local culture and political policies.
3. RESEARCH DESIGN

3.1 Research Approach
An exploratory style of study has been conducted given the contemporary phenomena of internationalizing SMEs within the healthcare sector (Holden, 2005a), and consequently the limited research (Holden, 2005b; Orava, 2005). This style enables an open approach that allows for research to be conducted within a new field without extensive previous knowledge of the phenomenon (Eisenhardt, 1989; Saunders et al., 2009). Although knowledge concerning internationalization of SMEs within various IB literature should be acknowledged, the deviant and unique contextual setting of the heavily regulated institutional healthcare sector emphasizes the requirement of an exploratory approach as opposed to more theory testing and less open style of research. The exploratory approach allows for both the application and testing of existing theory in a new context, as well as extending and developing alternative explanations or theory beyond those stipulated by the theoretical framework, which emerges out of relationships derived from empirical descriptions of a particular phenomenon (cf Bryman & Bell, 2007; Eisenhardt & Graebner, 2007; Saunders et al., 2009).

Furthermore, a qualitative research approach has been selected and employed in order to further portray the deviant contextual setting in which our study takes place, reflecting the purpose of this study – to gain a holistic understanding of a new phenomena (cf Merriam, 2010; Yin, 2011). Yin (2011) argues that qualitative research allows for the inclusion of the contextual conditions, such as the social, institutional, and environmental conditions, which this study aims to depict, and which other research methods fail to address. Thus, the decision to conduct a qualitative research can be further supported by its ability to examine and interpret the close connection to empirical reality in which the units interact that permits the development of relevant and valid theory (cf Bryman & Bell, 2007; Eisenhardt, 1989).

3.1.1 Multiple Case study Strategy
A multiple case study strategy has been chosen as it is considered particularly appropriate when addressing the issue of lacking adequate empirical substantiation concerning a specific unexplored phenomenon (cf Eisenhardt, 1989; Yin, 2003). It can also be argued that a case study is appropriate when studying a contemporary phenomenon embedded in its context (Merriam, 2010), and where “the boundaries between phenomenon and context are not clearly evident” (Yin, 1981:59). Moreover, the contextual richness of a case approach enables ”identification of actors, processes and political institutions” (Yin, 1994:56) and thus far too
complex to study with quantitative research methods (Yin, 2003). As the unit of analysis in this study is the process of internationalization, a multiple case study becomes further appropriate as it allows for obtaining empirical evidence providing contemporary descriptions of a specific occurring process (cf Bryman & Bell, 2007; Eisenhardt & Graebner, 2007).

Furthermore, considering our intent of contributing to existing IB research by extending emergent theory, a multiple case study is suitable as it increases the level of robustness and accuracy of the independently emerged analytical conclusions (cf Yin, 2003; Eisenhardt & Graebner, 2007; Saunders et al., 2009). It has been argued that multiple cases enhances the thoroughness of the study and strengthens the empirical foundation on which the analytical conclusions are made (Eisenhardt, 1989) due to the deep grounding in varied empirical evidence (Eisenhardt & Graebner, 2007). Such allows for a deeper analysis of the chosen units and enables a stronger base for the formation of new theoretical constructs (Yin, 1994).

3.2 Selection of Case Companies
In order to further explore our unit of analysis – the internationalization process – the following criterion has been stipulated in order to determine the analytical units;

(1) A direct service provider to end consumer and/or suppliers of healthcare services to state and/or private actors within the healthcare industry – chosen due to the lack of research conducted within the internationalization of healthcare service providers.

(2) Of Swedish origin, determined by having its headquarters situated in Sweden, in order to study the increased internationalization opportunities presented due to recent development and governmental reforms of the Swedish healthcare market.

(3) A private small or medium sized firm according to OECD definition given the limited prior studies concerning the subject and the empirical importance as the majority of Swedish healthcare service firms are regarded as SMEs.

(4) Active in at least one or more emerging markets, or rapid growth markets, as defined by the International Monetary Fund, as well as one or more developed markets. The institutional environment in emerging markets differs considerably from developed markets; thus allowing us to analyze its influence on internationalization in greater depth.
The cases have been selected through purposive sampling in order to construct an analytical unit that suits the predetermined criteria, which allows for a narrowing of the case selection and enhances the probability of obtaining accurate and reliable data (cf. Eisenhardt, 1989; Saunders et al., 2009). Due to the specificity of the stipulated criteria, combined with the recent emergence of internationalizing healthcare firms, seven cases were identified that fulfilled the requirements. Out of the seven, five responded, out of which three were selected to be included in the study through convenient sampling (Table 1). The remaining two were excluded after initial interviews that indicated that the cases did not fulfill one or more of the stipulated criteria’s adequately. This follows the reasoning that purposive sampling allows for the selection of cases that are “particularly suitable for illuminating and extending relationships and logic among constructs” (Eisenhardt & Graebner, 2007:27) and will “yield information that can best address the study’s purpose” (Merriam, 2010:458). Furthermore, the specificity of criterion chosen also enables a high degree of homogeneity, which increases the validity of the study (cf. Barringer & Greening, 1998; Saunders et al., 2009).

Table 1. Analytical case units: Overview of case companies

<table>
<thead>
<tr>
<th>COMPANY</th>
<th>EMPLOYEES</th>
<th>FOUNDED</th>
<th>SERVICE</th>
<th>MARKETS</th>
<th>CUSTOMERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Swedish Care International</td>
<td>1(8)*</td>
<td>2004</td>
<td>Providing elderly and dementia care through education, training and nursing homes.</td>
<td>Japan, Germany, Spain, U.K, China</td>
<td>Suppliers of services to states and/or private providers</td>
</tr>
<tr>
<td>Talengen Care (partner)</td>
<td></td>
<td>2011</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scandinavian Care</td>
<td>5</td>
<td>1996</td>
<td>Delivering comprehensive cancer care through cancer centers, master hospital plans and consultancy.</td>
<td>25 projects world-wide Co-owned centers in Egypt, Portugal, Chile, Dominican Republic, Ecuador and Ghana.</td>
<td>Direct providers to end consumer</td>
</tr>
<tr>
<td>Global Health Partner</td>
<td>380</td>
<td>2006</td>
<td>Specialized diagnostics in spine surgery, orthopedics, bariatric surgery, gastroenterology, and arrhythmia.</td>
<td>Sweden, Denmark, Finland, United Arab Emirates (UAE)</td>
<td>Direct providers to end consumer</td>
</tr>
</tbody>
</table>
3.3 Data Collection

3.3.1 Primary data
In-depth, open answer and semi-structured interviews have been conducted, which enables the process to be explored in greater depth as it allows access to the respondents’ knowledge, perceptions and experiences (cf Bryman & Bell, 2007) and is thus an efficient way to gather rich, empirical data (Eisenhardt & Graebner, 2007). The use of open questions allows the interviewees to formulate their responses in more detail and without being affected by a predetermined direction (Yin, 2011). An initial interview with the head of the section of international cooperation within the Ministry of Health and Social Affairs has been conducted prior to our case interviews in order to broaden our understanding of the sector, as well as the governmental initiatives to promote international trade. Initial interviews with the export promoting organizations Swecare and Business Sweden has also been conducted to further deepen our understanding of internationalization of health care firms. The pre-study interviews also enabled a better understanding of the development of subsequent interview themes. Furthermore, our key informants (table 2) from our case companies have been selected due to their strategic responsibility for the firms’ international venture and have superior knowledge of the internationalization process. All informants were either co-founders, Vice Presidents (VP) or Managing Directors (MD), and were thus considered particularly appropriate to interview, as they had partaken in the internationalization process since the beginning. An interview guide (appendix 1) was sent out prior to the interviews in order to further assure that the most suitable informants participated and to allow them to prepare and remind themselves of historical events crucial for how internationalization process unfolded, thus enhancing the accuracy and validity of the responses.

Interview process
The questions where developed out of the pre-study interviews and the literature review regarding vital aspects related to regulated industries. Structured questions were used to gather classification type data such as year of establishment, number of employees and target markets and management characteristics (experience and international exposure). Open-end questions where assigned into pre-determined topics, focusing mainly on the firms internationalization processes, but also the industry and markets characteristics, in order to ensure that the interviews included the most important aspects and were following the same themes. Discussion questions evolved throughout the interview, in line with the open exploratory approach, and the informants were encouraged to share their insights and
experiences, to provide the researcher with a deeper understanding of the themes. Supplementary follow-up interviews where conducted in order to both clarify and extend previous response, which enhances the validity. All informants consented to being recorded, further strengthening the reproducibility of reliable data. Original transcripts where sent out for verification in order to provide further insights or reduce any misinterpretations, thus assuring the accuracy of our data and enhancing the validity of the study.

Table 2. Informants and interview process.
*Lengths of follow up interviews are enclosed within brackets.

<table>
<thead>
<tr>
<th>COMPANY</th>
<th>POSITION</th>
<th>METHOD OF INTERVIEW</th>
<th>LENGTH OF INTERVIEW</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ministry of Health &amp; Social Affairs</td>
<td>Head of the section of international cooperation and trade promotion</td>
<td>Personal interview</td>
<td>1h 15min</td>
</tr>
<tr>
<td>Swecare</td>
<td>Senior Advisor</td>
<td>Telephone interview</td>
<td>30 min</td>
</tr>
<tr>
<td>Business Sweden</td>
<td>Business Area Head – Life Science &amp; Health care</td>
<td>Telephone interview</td>
<td>30 min</td>
</tr>
<tr>
<td>Swedish Care International</td>
<td>Managing Director</td>
<td>Personal interview</td>
<td>1h 50min (20min)*</td>
</tr>
<tr>
<td>Talengen Care (partner)</td>
<td>Founder/CEO</td>
<td>Telephone interview</td>
<td>45 min</td>
</tr>
<tr>
<td>Scandinavian Care</td>
<td>Co-founder/CEO</td>
<td>Personal interview</td>
<td>1h 30 min (25min)*</td>
</tr>
<tr>
<td>Global Health Partner</td>
<td>Co-founder/Vice President</td>
<td>Personal interview</td>
<td>2h</td>
</tr>
</tbody>
</table>

3.3.2 Secondary data
A seminar concerning international health reforms held by Swecare has been attended prior to the case interviews in order to further broaden the understanding of the opportunities for internationalizing Swedish firms. In addition, archival sources such as internal company documents and annual reports, as well as electronic sources including company websites and trade association reports have also been examined.

3.4 Data Presentation & Data Analysis

3.4.1 Data presentation
To sufficiently illustrate the variety and richness of the studied phenomenon, a narrative data presentation approach has been employed, which is appropriate when studying a few cases in detail (cf Langley, 1999). As the study explores a new and unique empirical context, a narrative data presentation allows for the phenomenon to be carefully depicted in the contextual setting in which it is embedded. By providing an accurately constructed and detailed description of the data, all of its richness, complexity and subtlety that exist in the
situation can be apprehended (*ibid*).

### 3.4.2 Data Analysis

Data analysis has been conducted simultaneously throughout the process by adjusting our data collection between, and during, interviews to ensure the quality, in line with the iterative qualitative data analysis process (*cf* Merriam, 2010). Furthermore, the interviews were transcribed to facilitate the categorization and analysis of the pre-determined themes, which further allows for a more comprehensive cross case analysis to be performed, by weighing the cases against each other and identifying patterns of relationships and their underlying logical arguments (*cf* Langley, 1999; Bryman & Bell, 2007; Eisenhardt & Graebner, 2007). Evidence that has been considered particularly important has been highlighted through quotes, which further enables cross-case, as well as within-case, analysis (*cf* Yin, 1981). The collected data was subsequently processed by comparing and analyzing it with the conceptual model, which enabled it to be further refined and developed.

### 3.5 Quality of the Study

Given the small and homogenous number of cases the scope in our findings becomes limited. However, it should be noted that intent of the study is to deepen the understanding of a unique empirical context and an understudied phenomenon, which can only be captured through in-depth interviews. However, although the findings cannot be generalized statistically, the empirical findings can be placed in relation to the theoretical conceptualization of the phenomenon, thus allowing a certain degree of analytical generalization (*cf* Yin, 2003).

A second limitation concerns the variations in size of our case companies. The OECD definition of SMEs allows for a greater variation in employees, compared to the more widely recognized EU definition. However, given the international activity of our case companies beyond the boarders of EU, a definition by a supranational organization can be argued to be more appropriate, as it has taken all regions into account. Furthermore, due to the limited companies within the sector, it can be argued that the definition does not affect our case selection, as firms with fewer than 500 employees (but more than 250) are still comparable with small or medium sized rather than large players. Also, no other case companies that had between 250 and 500 employees were identified, hence the number of potential analytical units remained the same.

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4 SMEs is made up of enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding 50 million euro, and/or an annual balance sheet total not exceeding 43 million euro (European Commission, 2013)
Conducting interviews on retrospective events constitute an additional limitation, as the accuracy of the data becomes dependent on the informants memory, thus compromising the validity. To manage such, multiple data sources have been combined through triangulation. Secondary data allows the collection of detailed historical information focusing on memorable moments, which retrospective interviews might miss, thus allowing the depiction of past events to a greater extent, and enhancing confidence in the accuracy and reliability of the findings, thus improving the study’s credibility (cf Langley, 1999). Furthermore, data that already exists in the situation and is thus not affected by investigator bias can be collected and the empirical grounding and validity in the findings can be improved, which further enhances the substantiation of theory building (cf Eisenhardt, 1989; Merriam, 2010). Interviews with informants with different perspectives, such as government and promotion agencies, has been combined with the case interviews, which allows for a more rich depiction of the phenomenon, as well as reduces researcher bias, thus further enhancing the validity of the study (cf Eisenhardt & Graebner, 2007).

The narrative data presentation also allows for a high level of authenticity and transparency, which allows the reader to experience the setting and “assess the evidence upon which the researcher’s analysis is based” (Merriam, 2010:460), thus further enhancing the credibility of the study. The trustworthiness and reliability of the data has been further ensured by a high degree of transparency, which has been reflected throughout the process.
4. EMPIRICAL CONTEXT: THE HEALTHCARE SERVICE INDUSTRY

The empirical context describes the health care system as well as clarifies relevant definitions and aspects, with the purpose of providing a fundamental understanding of the healthcare industry. On a broad scale the healthcare industry can be divided into three major sectors; pharmaceuticals, medical technology and providers of health and social services (Bain & Company, 2012). Mirroring the purpose of this thesis, only aspects directly relevant in conjunction to the latter sector is included.

4.1 Healthcare Systems: Organization and Funding
A health system is defined as a system ”comprising all the organizations, institutions and resources that are devoted to producing health actions” (WHO, 2000:XI). The ultimate responsibility for the overall performance of a country’s health system lies with its government; however, how the health system is designed and funded varies considerably among nations (WHO, 2000; Svensk Försäkring, 2013). The source for these variations can be found in demographical and economical factors as well as values and traditions, which constitute vital building blocks for how a health system is organized and funded (Gottret et al., 2008; Anell et al., 2012; Kamp & Hvid, 2012).

4.1.1 Financing and Coverage
Closely related to the structure of a healthcare system is how it is financed and what coverage the system provides for its residents, which has a considerable impact on how people access services and how much they spend on these from their own pockets. It also affects which services are provided and by whom and how the providers will be compensated (Calltorp, 2008; Svensk Försäkring, 2013; World Bank, 2013a) There are generally five primary health financing mechanisms: (1) General Taxation (universal coverage) (2) Social health insurance, (3) Private health insurance (4) Out-of-pocket payments and (5) External aid (Gottret et al., 2008; World Bank, 2013a). Globally, primarily high-income developed countries have general tax revenue financing (ibid). These systems are often characterized by providing medical coverage to the entire population and typically the delivery of health care services takes place through a network of public providers (Gottret et al., 2008). However, general tax revenues can also finance care from private providers or a mix of public and private providers (World Bank, 2013a). In many countries health insurances play a vital part as funding and coverage source for healthcare services (Svensk Försäkring, 2013), which are compulsory and often tied to the individuals’ payroll (Gottret et al., 2008). However, the providers of the
medical services within these countries are majorly private actors. Only a few countries have predominately non-mandatory private health insurance financed systems. In most countries however, private health insurance works as a complement to the primary coverage. In developing countries out of the pocket payments constitute one of the most common health care financing types, often larger than government spending (Gottret et al., 2008). However, they have a propensity to decline when the country’s income rises, often paving the way for the introduction of other financing mechanism such as social and private insurances (World Bank, 2013a).

4.1.2 Reimbursement: Compensating the Providers
How the providers of medical services are financially compensated is known as reimbursement and differs between countries as the payment model in use to a large extent can be explained by how a country’s healthcare system is designed (Casto & Layman, 2006; Gottret et al., 2008; Calltorp, 2008). The industry has a complex revenue function, which distinguishes it from other sectors. The source of the complexity stems from that a majority of payments is not paid by the patient, but rather by a third party on the patients behalf (Casto & Layman, 2006). Moreover, the determination of payment from a third party payer is based on pre-established or negotiated rules of payment, further increasing the complexity. Yet another vital factor in relation to reimbursement in healthcare is that the government often is the largest primary payer and does not negotiate payment but simply defines the rules for payment upon which it will render compensation for services provided to its beneficiaries (Casto & Layman, 2006).

In practice, health systems commonly integrates some, or all of the mechanisms at once and there is a lot of mixing of approaches across these general financing models (World Bank, 2013a). A noticeable trend within countries where a large part of the provision of healthcare is financed and delivered by the public sector is a rising tendency to move towards increasing private elements in both funding and execution of healthcare services (Munkhammar, 2010; Svensk Försäkring, 2013, Vinnova, 2013). The reason for this shift can to a large extent be explained by that the government spending on healthcare is rising at a pace that is likely to be unsustainable unless new funding sources are utilized (Munkhammar, 2010; Vinnova, 2013; Vårdföretagarna, 2013). Hence, today even healthcare systems that are built upon general tax revenue funding rely on for-profit companies for the supply of services, in order to make the provision of healthcare possible (Holden, 2005b). Following this, an emerging trend of
diverse Private-Public-Partnership (PPP) forms has evolved (Akintoye et al., 2008; PwC, 2010)

4.1.3 Private-Public-Partnership
There exist widespread types of PPP forms, making the definition of the phenomenon highly complex (Akintoye et al., 2008). However, at its core PPPs can be described as partnerships between the private sector and government in which the common features are that the public sector contracts, usually on a long-term basis, with the private sector for the provision of a public service (Akintoye et al., 2008; PwC, 2010; NCPPP, 2013). Through this agreement, resources, risks and rewards are shared in the delivery of a particular public service (Akintoye et al., 2008; PwC, 2010; NCPPP, 2013). As governments around the globe are increasingly looking to the private sector to tap expertise, as well as for financing and delivering healthcare, the extent of partnership projects in healthcare grows, which enables a much larger potential market for private organizations (PwC, 2010). Moreover, cooperation within the healthcare sector also occurs on a global level, incorporating several actors, including international intergovernmental organizations, private actors and the public sector. This is a particular common in conjunction with emerging market (Buse & Walt, 2000). International intergovernmental institutions such as the World Bank are providing loans to the borrowing nation and carrying out projects in a range of developing countries where private companies, from member countries are eligible to participate in international competitive bidding in order to take part in these projects (World Bank, 2013b). The projects supported by these loans constitute important business opportunities for firms who aim to expand their business and venture abroad but it is imperative that firms are knowledgeable about how the procurement in each respective country is conducted (ibid). Moreover, public procurement, which is defined as the procurement of goods and services on behalf of government agencies (WTO, 2013), is highly nation specific. Even if continuous work is done among international institutions regarding harmonizing public procurements, nations have their own laws and regulations on how the procurement processes should be carried out (World Bank, 2013c).

4.2 The Swedish Healthcare system
The Swedish healthcare system provides 100 % equal universal coverage for all residents (Commonwealth Fund, 2011; Anell et al., 2012). The current health system mirrors a long history of public funding and ownership and is structured in three levels; the national, regional and local (Svensk Försäkring, 2013). While the state is responsible for overall health policy, the funding and provision of health care services has been delegated to the 21 county
councils, whereas at the local level, the 290 municipalities are accountable for financing and organizing the care of older and disabled people (Kamp & Hvid, 2012; Ekonomifakta, 2013). There is a mix of publicly and privately owned healthcare facilities, however they are mainly publicly funded (Anell et al., 2012). Primary care forms the base of the health care system, and for conditions requiring hospital treatment, medical services are provided at hospitals at the county level. Moreover, tertiary medical care, referring to highly specialized care, such as cancer treatment (John Hopkins Medicine, 2013), is concentrated to regional/university hospitals (Anell et al., 2012). Healthcare expenditures in Sweden is equivalent to 9.9% of the nation's GDP and is primarily tax funded, which corresponds to approximately 80% of healthcare expenditures (Anell et al., 2012). Hence, Sweden has a relatively small part of privately funded health care, which constitutes approximately 17% of the healthcare expenditure and is funded through user charges for health care visits to professionals.

4.2.1 New Reforms and Regulations
Stemming out of a change in attitude towards health care and its public providers, new objectives related to cost- and quality control has increased in prominence (Anell et al., 2012). This changing attitude, and the criticism it entails, has urged for the initiation and implementation of a number of New Public Management reforms. Following this, a change in the Health and Medical Services Act in 2010, made the freedom of choice of primary care provider for the population as well as freedom of establishment for private care providers mandatory, providing equal conditions for establishment. However, the Act came under the prerequisite that private care providers requires accreditation by local county councils, which conditioned whether or not the private provider is eligible for public reimbursement, thus allowing the county councils to control the public funding. If the private provider does not have an agreement with the county councils, the provider is not reimbursed and the patient will have to pay the full charge to the provider. Moreover, given the decentralization of provision of care, such criterions vary between the county councils (Anell et al., 2012).

In parallel to the development of freedom of choice in primary care there is an ongoing process to expand the same approach to also include private specialist elective providers (Bengtsson, 2012; Praktikertjänst, 2013). But unlike the free choice of primary care, which is mandatory by law, it is optional for counties to implement the same provision in regards to specialized care, which has led to large differences around the country. At present the shift
occurs primarily in Stockholm but other counties are following, which opens up great possibilities for private actors to expand and grow in the home market (ibid).

4.3 Export of Swedish healthcare
Outward FDI within the Swedish healthcare sector has in recent year grown, and several private Swedish healthcare companies have established presence abroad. In 2010 these firms had 10 000 employed overseas (Munkhammar, 2010). A condition which has opened up for these possibilities is among other things the changing landscape for private providers in the Swedish market, as explained above, as well as several countries worldwide offers a market for private providers (Munkhammar, 2010; Vinnova, 2013). Hence, how a country’s health system is organized and consequently, how big the commercial sector is, the level of government versus private split in funding and delivery of healthcare services, constitute a key parameter when assessing the potential market size for firms within this industry (Smith, 2004)

However, compared to other industries, Swedish export of health related services are highly modest, especially among SMEs (Andersson, 2013; Hallersjö, 2013) and the reason for this is multifaceted. As highlighted in the report published by Vinnova (2013), it is a challenge to generate business around systems that are fundamentally public and not commercial or for-profit. Moreover, the Swedish healthcare system, with emphasis on decentralization of responsibility to the country councils and municipalities has a fragmented public procurement structure, which can be a barrier for growth for SMEs (Munhammar, 2010; Vinnova, 2013). According to Munkhammar (2010), this aspect is imperative since in order for these firms to become internationally successful, they must be able to develop and grow in the Swedish home market. Moreover, since healthcare tends to be amongst the most heavily regulated sector of a nation’s economy, there exist a plethora of complex regulations, concerning standard of healthcare, establishments and accreditation, reimbursement and public procurements. Christer Andersson (2013) at Swecare explain that knowledge regarding such regulations, as well as how a countries health care system is structured, are the same aspects which firms need to learn to handle at home, but its considerably more difficult to learn how it works in the international market.
5. PRESENTATION OF CASE FINDINGS

5.1 Scandinavian Care AB
Scandinavian Care (SCAB) is a privately owned health care service provider, delivering comprehensive cancer care. The company was founded in 1996 and has since been active in 25 different nations through various types of projects. The founder has a background in management consulting and the co-founder as a chief surgeon. SCABs services range from project management and consultancy services - such as the planning health care systems, which are financed through the World Bank – to starting, financing and investing in cancer centers in cooperation with local partners. SCAB are currently part owners in six centers in Egypt, Portugal, Chile, Dominican Republic, Ecuador and Ghana.

5.1.1 Rationale behind Venturing Internationally
SCAB does not have any presence in the Swedish market and started to operate internationally immediately from start-up as a response to the higher levels of market demand overseas and the unfavorable conditions of the home market. “There is such a preponderance in regards to supply of services in developed markets contra the developing world.” explains the founder and argues that there is an enormous shortage of specialist cancer care in developing countries, where the demand is substantial. Such vision follows in line with SCABs business strategy of starting and partaking ownership in specialist cancer centers in countries where such services are lacking. SCAB states that Sweden, in general, already possess the necessitated supply of services through the public system, and that no larger demand for additional private cancer centers is recognized. Sweden also has a relatively strict health care system due to the deeply rooted public ownership and financing that causes difficulties, in contrast to foreign markets where “healthcare is much more of a business than what it is in Sweden”.

Furthermore, the co-founder has, through his previous experience as a chief surgeon of a Swedish hospital, acquired a large international professional network, which “surely contributed to that we received enquiries from overseas already from the beginning from which the operations has simply continued”.

5.1.2 Continued International Activity
In line with SCABs business idea, emerging markets have been identified as natural and strategic target markets for the company. The decision of which market to select is argued to be contingent on having a reliable partner. When venturing into Egypt, which also was
SCABs first market in which they invested and took part ownership, two Egyptian-Swedes where coincidentally identified through connections in the co-founders network and enabled access into the market. Another example includes a random Ghanaian-Swede, whom approached Scandinavian Care with an order for a cancer project in Ghana, as no such service was adequately provided in the nation, and became a close partner. In addition, SCAB emphasizes the importance of having a partner with a relation to Sweden in order to facilitate the collaboration, which has also been the case in the majority of the company’s market entries.

However, the founder points out that although it is more often coincidences that determines the market selection, rather than planned aspiration, certain essential conditions must exist. Financing is emphasized in particular and is always a challenge to address for a small firm with limited resources. Concurrently, the founder notes that investing and becoming part owner in cancer centers, indicates to the market that you are in it for the long run, which can enhance the firm's credibility. Another vital aspect, is the prerequisites for patient solvency, whether through governments, private insurances or a combination of the two. Thus, the security of reimbursement in each market is assessed. An additional essential condition emphasized encompasses the political risk of corruption, as well as the limits on outward capital transfer. Ecuador was exemplified as a country in which business for foreign firms had shown to be difficult as the government taxed foreign capital transferred out of the country. The founder explains that “Ecuador, which we invested in a couple of years ago, wouldn’t we invest in today”. Hence SCABs approach since has become much more structured and thorough when evaluating countries to invest in. The founder also explains that yet another influence of market selection is international public procurement, where the market thus becomes determined by the contract. These types of international procurement project also enabled progression of new projects in the same market, which has been the case in several of the international projects undertaken by SCAB.

In relation to the company’s international venture, the founder also mentions Sweden’s export promotion activities, such as delegations, as something irrelevant to them as “it takes too much time and costs too much. We have often been able to progress with our own contacts”. Moreover, seminars arranged by export promotion agencies are not seen as beneficial as “it is not where your goals are reached [...] and where you meet the right people. A much more hands on approach is required and you have to be present in the market you intend to enter”.

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Furthermore, joint ventures with local partners are explained to be the most common choice of entry mode. This has been the case in all of the markets where SCAB has chosen to invest and take part ownership. The founder explains that it is important to find a partner, whom can be trusted to 100 percent, and who “knows the local market, all of the tricks and has personal contacts”. Thus, given the importance of partners, the founder also explains that time is required to pass to gradually get an understanding for each other and the networks in which they are included, in order to establish a relationship. In addition, the partner is explained to be of vital importance as he/she is assumed to manage the political policies and gain access to decision makers. In some cases SCABs partners has connections as far as all the way up to the presidential level, which has been a vital resource in order to manage the political uncertainty and deal with hinders stemming from corruption. SCAB has also entered via private-public partnerships, which was the case in Egypt, where a contract with the Minister of Health was negotiated. However, the firm suffered from a breach in contract when only half of the agreed reimbursement was received, which can be illustrated from the following conversation;

Founder: “This is not what we agreed upon.”
Minister: “But I have decided to change the agreement.”
Founder: ”You have!?”
Minister: “Yes, I am the Minister.”

And since the company could not sue the government, they had to find other ways to be reimbursed, and did so by increasing their patient quota. Hence, the founder continues to explain that certain markets can be operated in, but not invested in, since the “corruption factor is far too troublesome and the government is pulling in the wrong direction”. This has also been learnt in Ecuador, where the conditions for foreign firms investment have been gradually mistreated. Thus, the partners are also required to have knowledge concerning how to handle corruption issues, and convey messages to political actors in order to open doors.

The founder goes on to discuss that certain markets perceive involvement, or collaboration, with public organizations as something suspicious. This is illustrated by the case of entering into Ecuador, where SCAB was working together with the Swedish public organization, Swedfund, which the intended partner perceived as suspicious. Hence, the founder explains
that “our main approach [since] is to be as private as possible and as little involved as possible with the government”.

5.2 Swedish Care International

Swedish Care International (SCI) is an internationally active company that packages and export elderly- and dementia care in form of education, certification and nursing home concepts. The company, founded in 2004, was restructured in 2011 and sold to their largest supplier of elderly care services - Silviahemmet. In conjunction, a new Managing Director (MD) was appointed with a background as CEO for Swecare foundation. The MD is the sole employee of the firm, however eight consultants strengthens the manpower. SCIs customers are diverse, ranging from organizations, which are governing training and educations, to healthcare companies whom aim to add value to their own services by internal training. However, a common parameter is that they are all active within the elderly care sector. The company is currently present, via distributors and licensees, in Japan, Germany, Spain, UK and China.

5.2.1 Rationale behind Venturing Internationally

SCI has been international from inception. The initial motive to start operations abroad stemmed from a political initiative, based on perceived increased market demand for Swedish elderly care in Japan. The market was approached by setting up a wholly owned subsidiary with four Swedish employees, however this institutional arrangement did not work out as planned. According to the MD the reason for this was multifaceted. Firstly, the hardship for a small player to manage a subsidiary located far away, as in Japan. Secondly, “the most important reason was, [and still is] the structure of the healthcare market, which varies considerable in every country and entail different conditions [...] making it difficult to handle”. Following this, the subsidiary was liquidated, and the company was sold to Silviahemmet. According to the MD, who was part of the process through her previous position as CEO at Swecare, this shift opened for opportunities for SCI in regards to expand internationally. First, the owner structure, a not-for-profit foundation, but still completely private and fully dissolved from all public actors, enables more efficient decision-making. Secondly, Silviahemmet is a well-known brand name internationally, and has been working as a facilitator to incoming enquiries for SCIs services. Moreover, through Silviahemmet, which has widespread operations in Sweden, SCI have important reference points in the home market, which is explained as a vital factor in order to succeed internationally. This has created a unique situation for the firm that enables and triggers internationalization, which is
difficult to achieve in the Swedish healthcare market due to barriers of failing fundamental market conditions. “We have a large service export, but not in relation to healthcare services. It depends more on our own conditions in Sweden, we have a system which does not encourage entrepreneurship, and entrepreneurship is a prerequisite for internationalization”. The MD notes that this is not only based on that the healthcare system in Sweden is dominated by public ownership, but also that various policies within the system tends to shift, creating uncertainty, and thus lowering entrepreneurs willingness to invest in the sector. However, the MD states that it is a great personal motivator to try to find ways to export services, which SCI are now doing, and the approach is explained as very unique. “There are examples that are more classic, such as, establishing a hospital in another country. However, that is not what we are trying to do. Instead we are trying to break down available skills and knowledge and package it. In order for this to succeed it has to be conceptualized in a way that makes it able to sell”.

5.2.2 Continued International Activity
Since the new start in 2011, SCI have entered a number of countries, including Germany, Spain, UK and China, almost simultaneously. In all the cases the firm has been approached by an interested actor, whom the firm has, after evaluating the enquirers potential, in terms of trustworthiness and similar core values, deemed appropriate as a licensing or distributor partner. SCI have used the same entry mode in all markets, which is explained by the MD as a strategic decision “…based on the company's experience in Japan, we have chosen not to have subsidiaries in other countries, we do this through licenses and distributors”. Since the healthcare industry is very nation-specific, it is difficult for SCI to learn how to manage differing forms of financing mechanisms, traditions, and procedures in the health system. Thus, SCI have chosen to enter via local partners whom possess expert knowledge; “The reimbursement system is very difficult to manage if you have to manage it yourself. But if you have a licensee who knows the market, then they know how they should get compensated. They have an understanding of the conditions and how the market is functioning”. Moreover, through previous experience at Swecare, the MD has seen many companies with great products fail in their international venture due to implications stemming from generating a thorough understanding of the reimbursement system in the targeted market. This has also contributed to SCIs choice of using licensing as entry mode. Furthermore, it is vital for SCI to be flexible in the health care industry, as the market conditions tend to shift frequently, which heightens the financial risk for a small company. The MD explains that “it is only needed that
a country that we have a lot of business in suddenly makes some changes in their laws, or commit to a new form of aid for the training of its medical staff. It can change the conditions for us instantly”. According to the MD, this element further adds to their choice of entry mode. In relation to the company’s international venture, export promotion activities and agencies are highlighted by the MD as a beneficial door opening function, but states that such has not been relevant in their case. This is explained by her background, which has allowed her to already establish relationships with local government agencies. It is also explained that these agencies posses knowledge, grounded in their own culture, which is more valuable than the information provided by domestic agencies.

SCI’s choice of markets is described in further detail, which to a far extent has been an outcome of enquiries from actors in the respective markets. However, on a general note, SCI prefers to enter mature markets due to the widespread knowledge about elderly care. As basic market knowledge concerning elderly care is often lacking in emerging markets, the firm becomes constrained by the market conditions. This requires SCI to start by educating the market to spread a broader general knowledge concerning elderly care in order to grow, which is done in close collaboration with their license partner ‘Talengen Care’ in China. The partnership was initiated by the founder of Talengen Care, whom has considerable knowledge about the Swedish market from living and working within the medical field in the country for several years. The founder saw an opportunity in China based on an increased market demand, stemming from an aging population in conjunction with a rising level of disposable income. The founder states that “the market in China is very premature...so we are at a very early stage in this whole industry, this is both an advantage and a disadvantage. We have to educate the market, but in the same time we get quickly well-known in the circle by being one of the first international players”. In correspondence to emerging markets such as China, the MD notes the importance of having a reliable partner, this since, “it is more difficult to attain credible information about prerequisites in the market, and these conditions can also change quickly”. Hence, it is vital that SCI can trust their partners’ capabilities in managing changing conditions, which is a common feature of the industry.

In conjunction with market choice, the MD also highlights the notion of restrictions and regulations, which impact SCIs ability to establish in certain countries. “It has happened that we have received enquiries from actors that we have assessed as being potential partners but where it appears that they must have an education license that they do not have and that the
process to get it for them has been so long that we have refrained to take the leap”. This aspect differs between developed and emerging markets, where this hinder is often associated with developed countries, and no such license was required in the premature Chinese market. SCI strategically decided not to enter markets characterized by high political turbulence and corruption risk due to the MDs accumulated knowledge concerning these markets.

5.3. Global Health Partner
Global Health Partner (GHP) was founded in 2006, providing specialist care in a limited number of diagnostics areas, ranging from spine surgery, orthopedics and bariatric surgery to metabolic diseases and arrhythmia. GHP believe that health care can be provided more efficiently and at a higher quality in clinics outside the traditional, public hospitals. The chosen specializations stem from a combination of an increased demand for higher quality care and new types of treatment, combined with the privatization of the Swedish health care sector, where public hospitals have been forced to prioritize emergency care or “higher status” areas such as, cancer care, over resource demanding elective care. Both founders have a background of starting up, and operating, medical centers, before coming together to launch – GHP. The founder/president has previously established Sweden’s largest international health care chain, while the co-founder/vice president (VP) has previous experience from establishing a well renowned spine center. GHP is today co-operating clinics in four different countries; Sweden, Denmark, Finland and the United Arab Emirates (UAE).

5.3.1 Rationale behind Venturing Internationally
GHPs motive to venture internationally was a strategic decision to exploit a small number of specialized niches with a large number of clinics within each, in order to benchmark across borders. Hence, GHP entered several markets almost simultaneously during early stages of establishment. However, unforeseen changes in the external environment have altered the strategy, and focus has shifted towards fewer markets and more niches.

The VP explains that a fundamental interest to internationalize is a prerequisite, but emphasizes coincidences as a key factor triggering and driving international activity. “Coincidences stems from an existing fundamental interest to operate internationally to begin with, which allows exposure to different environments and contacts.” The VP particularly emphasizes his co-founders previous extensive experience and knowledge within the industry, as well as his professional network, as fundamental to operate within the industry, especially internationally. The VP claims that “he [the co-founder] is the only one within Swedish
healthcare [...] who has substantial international experience from health care. He is in the system, which means that he has managed to establish contacts, in the equivalence to [Swedish] counties, in Germany, Spain, and all Nordic countries, as well as politicians, ministers of health and similar”.

Challenges with the Swedish healthcare system for GHP are also highlighted. The public procurement system is fragmented between different county councils, where conditions for obtaining contracts differ considerably. Moreover, the contract is often time constrained, requiring re-negotiation at the end of each term, allowing new actors to compete for the same contract that has previously been invested in, generating a risk of capital loss. The VP argues that “it is actually not possible to conduct business if you have this type of risk. You build a capital structure for five years and then you risk losing the contract in a month. Do you invest in the business, do you commit, or is it more of a calculus exercise for five years?” However, the VP notes that recent policy changes in the Swedish system, has started to shift in favor for private actors, where public procurement is becoming based on quality, rather than price, and contractual time constraints and thus, re-negotiation of contracts, is starting to fade. Furthermore, the potential of the industry, and the potential for value creation, is considered to be immense for GHP, as the market for health care is still immature. The industry is considered to be in a restructuring phase caused by a healthy pressure, which presents itself through differences in nations systems, reimbursement models and accreditation. The co-founders experience, knowledge, and network are yet again emphasized as key to exploit this opportunity. “He is an agent of ideas, he sees all differences [between the markets] and he is some type of living encyclopedia.”

5.3.2 Continued International Activity
Following this, GHP selects markets based on where there exists a market for private firms and where the differences in systems are not hinders, rather opportunities. The VP explains that they must first consider the “commercial conditions and permit issues and similar. Afterwards, you must ask yourself, is there an accessible market? Does it exist a reimbursement model, which allows the operation of this business?” Although some similarities exist, all systems differ significantly, and certain markets are difficult to enter, or have undesirable conditions, which makes it difficult to generate sufficient volumes. Norway is such a case that GHP entered and later was forced to exit, since the Norwegian health care system is publicly driven and where the government want to segregate the market from
private actors. Similarly was the case of the Czech Republic, and to a certain extent Denmark, due to unaccounted for, and unmanageable political risks. In Denmark, GHP had just received accreditation to provide bariatric surgery, and invested heavily into the business. Suddenly, the county in question shifted the conditions on which patients were entitled to the procedure, thus reducing the potential market with 80 percent, pushing GHP to divest parts of their operations. In the Czech Republic, the public insurance reimbursement system was reformed and consequently reduced the contract value with 30 percent overnight, forcing GHP to divest and exit the market. Consequently, GHP is now primarily focusing on Sweden, Finland and remaining operations in Denmark. The VP explain that GHP spread themselves relatively culturally close at first and argues that “it has to do with personnel responsibility and being able to apply models” referring to the Swedish model.

However, GHP is also active in the United Arab Emirates (UAE), which started as an international public procurement (IPP) opportunity from the UAE Ministry of health. The opportunity arose when a network acquaintance contacted GHP concerning an IPP request in the Caribbean. The VP explains that “We were eager and had our tentacles out, and listened a lot. Then all of a sudden an international public procurement request appeared [in UAE], as there exist a market for international public procurements there.” The Caribbean was thus neglected, as the potential for the UAE deemed larger. However, the IPP request concerned a bariatric and diabetes center and the process went quicker than expected, which is clarified by the that market revealed a huge interest and demand for their services. However, unlike previous markets, which were entered through acquisitions, or Greenfield investments, the UAE was entered as public-private partnership (PPP) management contract. Previous markets had required investments in equipment and facilities, which entail juridical and financial risks to a certain extent, as “the money does not come automatically. It follows certain game rules, which the insurance companies can compete for, and even question”. But such risk was perceived to be much higher in the UAE due to larger differences in cultures and systems. In the PPP contract, the ministry is the client but also dictates the conditions, such as reimbursement. According to information received from the Swedish ambassador in UAE, the governmental counterpart of the contract might be able to evade, or even refuse to pay for, an established agreement. A hypothetical conflict with the UAE government cannot be won, thus increasing the risk even further, and a different method of entry was suggested from the ambassador. Hence, given the large cultural and systematic difference, and the
perceived high political risk, GHP determined that they could not follow the same entry strategy as earlier. Since the management contract did not require any capital investment, GHP considered the request as attractive and took the decision to proceed with it. Furthermore, Sweden has good trade relations with UAE, enabling information to be acquired from the Swedish embassy in UAE, where the ambassador facilitated access to contacts, set up meetings and supported with information concerning the different regional/cultural rules and norms.

In conjunction with entry into the UAE market, the VP highlights that it was not as structured as in Sweden. Consequently, patients started to drop into GHP facilities from everywhere, without being remitted through a primary care center first – an aspect that the company had not accounted for. Hence, GHP had to start educating primary care units within the nearest vicinity so they could remit patients in need of specialized care to GHP, which in turn remit patients back to primary care units for follow up checks, thus initiating the development of a structured health care system – at least within diabetics. Thus, the VP argues that they intend to incorporate responsibility for the entire diabetes primary care education into their next contract. The VP states that the system is still immature and explains why this is such a great opportunity. “Now we are developing this and are going to construct a second center [in the UAE], and we might have use of the knowledge that we are generating in the continuous planned expansion in the region.” The Swedish competency is the driving force for this type of management contract export, and the competence gap is bigger to emerging markets, rather than to culturally close markets.
### 5.4 Summary of Empirical Findings

*Table 3. Summary of main empirical findings*

<table>
<thead>
<tr>
<th>COMPANY</th>
<th>CORE BUSINESS</th>
<th>TRIGGERS/MOTIVES</th>
<th>MARKET SELECTION</th>
<th>CHOICE OF ENTRY MODE</th>
</tr>
</thead>
<tbody>
<tr>
<td>GHP</td>
<td>Acquiring, investing in and operating specialized elective diagnostics clinics.</td>
<td>Previous experience &amp; network. Strategic decision to exploit market potential abroad.</td>
<td>Size and accessibility of commercial health care market. Preferring culturally close markets. IPP projects determine market.</td>
<td>Primarily through acquisitions or greenfield investments. PPP via management contracts.</td>
</tr>
</tbody>
</table>
6. ANALYSIS

The following analysis presents insights from the empirical findings, which are analyzed in the light of the developed conceptual framework in order to enhance the understanding of how Swedish medical service providers internationalize. The analysis is structured in accordance with the identified main elements of the internationalization process in order to explore what factors influences the process.

6.1 Triggers and Motives for Internationalization

The empirical findings reveal that all three case companies can be classified as INVs according to Oviatt & McDougall’s (1994) definition, as they became international almost instantly from inception. Prominent explanations for this fact can be found in the common pattern among the case firms, showing that the institutional and political context, both in the home and international market triggered the firms’ international venture.

Garcia-Canal and Guillén (2008) emphasizes that within political salient industries, privatization triggers opportunities to enter foreign markets and according to Munkhammar (2010), several nations and their healthcare systems offer a larger commercial market potential, in comparison to the Swedish market. A combination of immense overseas demand and the limitations of the domestic market has been identified as a common pattern for triggering internationalization among all of the case firms. Although in two of the case companies the demand was identified and acted upon by the firms themselves, the trigger to exploit overseas market opportunities was also revealed to stem from a political decision, which further supports Garcia-Canal & Guillén’s (2008) reasoning that the political environment within political salient industries have an widespread impact on the firms commercial activities. The conditions behind why the home market can be considered limited varies among the case firms, which can be argued to depend on which health care segment the companies are active within. The domestic market is already able to fulfill the necessitated supply of tertiary cancer care through the public system, and consequently, no such market exists domestically for SCAB, thus triggering internationalizing as a necessity for survival. In contrast to tertiary care, specialized elective segments are selectively contracted out to private firms, although in limited numbers, which constrains GHPs opportunities domestically. Hence, in order to grow, international expansion was based on a strategic decision. Nonetheless, as indicated by the following findings, it can be argued that the international institutional environment will trigger firms to venture internationally, even though the
findings reveal that the decision to do so might stem from different sources, and the institutional context in the home market will also influence the firms’ decision to initiate internationalization, although the rationale behind the decision differs.

Additionally, policy uncertainty in the home market was also highlighted as a barrier for growth by the case firms. Aspects such as frequently shifting policies as well as fragmented public procurement systems among the various county councils causes uncertainty in terms of risk for capital loss. Hence, as indicated by the reasoning above, it can be argued that the institutional and political context in the home market both act as a trigger for internationalization, but also as a hinder, by reducing the potential to generate economic muscles, which according to Munkhammar, (2008) is an important prerequisite to drive internationalization. Therefore, political and policy uncertainty, which the academic literature often solely highlights in conjunction with entries into a new institutional context (see, Henisz, 2003; Jansson, 2007; Garcia-Canal & Guillén, 2008; Maekelburger et al., 2012), is also prevalent in the home market for these firms.

Furthermore, the empirical findings indicate a common pattern among the firms, where the previous experience and knowledge have a triggering effect on the internationalization process and also reduces uncertainty, aspects which are discussed extensively in the entrepreneurship literature (cf Blomstermo et al., 2004; Suárez-Ortega & Álamo-Vera, 2005; Lindstrand et al., 2011). Yet another common pattern across the companies, highly interrelated with the reasoning above, is the prominence of the owner and managers established personal and professional international networks and their driving influence on the process, which is further in line with several scholars’ argument that network acts as catalysts for international expansion by triggering opportunity detection abroad (Johanson & Vahlne, 1990; Ellis, 2000; Chetty & Patterson, 2002; Zain & Ng, 2006). Thus, the following reasoning highlights the influence of knowledge and networks on the firms’ internationalization process.

In addition to professional networks, it has been suggested that export promotion agencies as well as related networks (e.g. intermediary relationships), are important in concurrence with SMEs internationalization as they have a triggering effect, influencing firms in terms of overcoming diverse barriers related to internationalization (Morgan & Katsikeas, 1997; Chetty & Patterson, 2002; Crick & Spence, 2005). However, this notion is contradicted
across the case findings, as the research rather shows that the case firms requires local knowledge concerning the complexity of the institutional context, which can be more adequately acquired through the superior knowledge of a local partner. The findings also reveal that the case firms prefer utilizing already existing networks instead of relations established through intermediaries. Thus, given the institutional complexity of the health care industry, it can be argued that the importance of intermediary relationships becomes less relevant – at least as a triggering effect on the case firms internationalization process.

6.2 Market Selection

As noted in literature, political salient industries such as healthcare are surrounded by a plethora of rules and regulations, which influence firm’s internationalization to a large extent. It is further suggested that these firms select markets based on the countries degree of deregulation and related specific institutional circumstances (Garcia-Canal & Guillén, 2008). The empirical findings support these arguments, as factors stemming from the institutional and political context have an extensive impact on which markets the case firms chose to enter. These factors are revealed by the cases in terms of conditions for obtaining licenses, functioning reimbursement systems, an accessible and encouraging private market and the overall structure of the health system, which can either limit and deter certain potential markets or provide opportunities. Either way, as indicated by the findings, it can be further suggested that the specific institutional environment influences the firms’ market selection.

The empirical findings suggest that SCABs market selection is influenced by exploiting a bigger difference in healthcare system, and consequently a larger knowledge gap between the home and host market, as they are primarily selling advanced tertiary care, thus targeting emerging markets where this knowledge is lacking. This follows in line with Ojala’s (2009) and Oviatt & McDougall’s (1994) arguments that SMEs are more likely to proactively seek opportunities and select target markets based on the market potential. However, even if SCAB invest in some of their clinics, they do not undertake the same financial and juridical risk in comparison to GHP, as GHPs core business is not solely based on selling expertise but rather to carry out the operation. Based on this reasoning, GHP primarily chose to enter closer markets were the institutional differences in comparison to the home market are not as extensive and the risks are perceived as lower. SCI on the other hand are active within the elderly and dementia care segment and thus have different prerequisites, as knowledge regarding such is not as widespread as it is in western markets, thus influencing its market
selection. Based on the following findings, it can be argued that two of the case firms primarily follow a pattern of entering geographically and culturally similar markets in order to ensure a mature and established sector with sufficient knowledge required to provide their services, as well as to manage the uncertainties stemming from differences in institutions and health care systems, which follows arguments that firms tend to enter markets with low psychic distance (Johansson & Vahlne, 1977). Hence, it becomes reasonable to suggest that the deviations in the case firms market selection can be explained by the nature of service provided by the firms.

Furthermore, a common pattern identified show that the case firms collaborate with partners that have strong connections to Sweden, often through dual citizenships, which can be illustrated by the partner arrangements of two of the case firms. It can be suggested that these partners, whom have an understanding of both the Swedish as well as superior knowledge of the host market from where they origin, could reduce uncertainty stemming from psychic distance. Consequently, the partners’ origin and foreign citizenship could also dictate the market selection of the firm. Thus, it can be argued that the notion of psychic distance plays a pivotal role in market selection although not at a firm level but rather at a personal level (cf Johansson & Vahlne, 2006).

An additional common pattern highlighted in the findings was that the firms established contacts influenced the firms market selection, and enabled them to overcome challenges of outsidersip, which cohere to similar arguments discussed extensively in literature (cf Coviello & Munro, 1997; Johansson & Vahlne, 2009). Being approached by overseas demand, either through previously established network contacts, or unsolicited enquiries, which after a period of time became partners, illustrates the case firms’ pattern of market selection. Thus, the discussion of network insidership rather than psychic distance becomes even more fruitful in relevance to selecting international markets for the case firms. However, as illustrated by the case of GHP and SCAB, contacts necessary to select and enter a market, which Johanson & Vahlné (2009) argues stems from network insidership, can also be established through the contract of public procurement projects in which they have been determined. Based on the empirical findings, where two case firms embrace IPPs, it can be argued that in occasions of IPPs firms can venture to international markets without having an established network position, as such can be acquired through the conditions of the contract. Similarly, and in line with O’Farrell & Wood’s (1994) reasoning, the public procurement
contract also conditions which market the project is situated in, which is illustrated by SCAB and their project-based market selection. Following this, the empirical findings give convincing evidence to suggest that networks, either pre-established or acquired through unsolicited demand or procurement contracts, play a pivotal role in the firms market selection, thus heavily supporting the influence of networks on the firms internationalization process.

Lastly, the empirical findings strongly supports the influence of knowledge on market selection, which follows in line with arguments presented by Henisz (2003), stating that knowledge concerning political instability, uncertainty, or corruption will prevent market selection. SCAB exemplifies how their knowledge acquired from being active in a market lowered their tolerance to political uncertainty, which can be explained by Johanson and Vahlne’s (1977) and Garcia-Canal & Guillén’s (2008) reasoning that exposure to political uncertainty generates experiential knowledge, which will influence the firms succeeding market selection. The findings thus give clear support to argue that experiential knowledge influences the firms’ internationalization process.

6.3 Choice of Entry mode
The empirical finding shows that the institutional and political contexts influence the case firms’ entry mode choice to a large extent. Due to the hardship of managing nation specific healthcare systems and regulations, a lower resource mode, in form of licensing, is employed by SCI, which follows in line with Maekelburger et al.’s (2012) research, highlighting that SMEs within political salient industries are more likely to choose low commitment entry modes as they are generally highly sensitive to external influences due to low error margins. Such pattern becomes further salient in regards to GHPs venture into UAE. Given the large perceived differences in the institutional environment, where the political risk was expected to be higher, the firm lowered their resource commitment and entered the market via a management contract rather than via Greenfield or acquisition, usually embraced in developed markets. As suggested by Delios and Henizs (2003), one can thus assume that when uncertainty about the policy environment is high, a significant amount of learning is required, hence reducing the likelihood of high resource entry mode. The complexity of rules and regulations in the health care sector as well as the uncertainty and political risk related to a larger difference in the institutional context can thus, based on the above findings, be reasoned to influence the firms to commit to a lower resource entry mode.
However, an interesting finding concern the pattern of SCABs establishment in developing markets, which contradicts the above reasoning. In markets where SCAB choses to invest, they utilizes a JV in which they take a minority share in order to manage the institutional and political context by tapping into local partners’ superior knowledge about their home market context as well as get access to necessary political contacts. An explanation for this phenomenon can be argued to stem from the nature of the industry, as such requires a strong commitment due to strict regulations in order to increase the legitimacy (cf Garcia-Canal & Guillén, 2008). Contrary to the above reasoning that complex regulations will influence a lower resource commitment, the following findings indicate that it can be reasonable to suggest that such could also influence to a higher resource commitment entry mode. Nevertheless, even if the firms utilize different forms of entry modes the research indicates that the institutional and political context directly impact the firm’s choice (cf Delios & Heinsz, 2003; Smith, 2004; Maekelburger et al., 2012).

While the influence of the institutional and political factor on the firms’ market entry mode was observed in all the case firms, such factor does not sufficiently explain the higher resource entry modes, normally utilized by two of the case firms, despite the limited error margins and uncertainty in the political environment. Hence, there are indicators that other factors also impact their choices.

An additional explanation for the case firms’ choice of entry mode can be argued to stem from early international inception and high international orientation, which characterize the firms, and has enabled them to generate considerable experiential knowledge in regards to foreign market operations. This can be argued to reduce the perceived uncertainty, which consequently affect choice of entry mode positively, much in line with the arguments presented by Ripollés et al., (2012) and Blomstermo et al., (2004). Furthermore, the influence of experiential knowledge also becomes evident in the case of SCI whom lowered the entry mode commitment after learning from the hardship of operating a wholly owned subsidiary. However, the influence of the factors in this case led to a choice of a lower resource mode, in comparison to the other case firms, even if one can argue that the latter case firm share the same characteristic in terms of early international inception and a high international orientation. A possible explanation for this divergence can be argued to stem from the influence of the nature of the service, where the knowledge intensity of the services provided by both SCAB and GHP can be argued to require a local presence, hence demanding a higher
resource commitment entry mode, in comparison to SCI (cf Eramilli, 1990). However, one can argue that SCI differs as their service can be separated from the delivery, thus allowing lower resource commitment. Hence, based on the above reasoning, the empirical evidence indicates that it can be reasonable to suggest that experiential knowledge and the nature of the service will influence the firms’ choice of entry mode.

Moreover, theory suggests that relationships with domestic associations as well as host country embassies are beneficial for market entry, especially in regards to political salient industries, as they can act as legitimate intermediaries for firms in order to establish necessary relationships as well as provide vital market information (Henisz, 2003). In GHPs case, their choice of entry mode was influenced by their relationship and information obtained from the embassy in UAE, a relationship which was explained as highly beneficial in order to operate and gain legitimacy in the market. An interesting contrast is seen in SCABs case, which rather notes that being associated with a governmental body could raise suspicion with the potential partner in the host country, a fact which they experienced in Ecuador. Thus, it could be argued that the perceived notion of association with governmental actors as something positive might vary among countries, and collaborations with government-related intermediaries might thus, in contrast to suggested theory, rather hamper than facilitate market entry. However, one can assume that this tendency is mostly relevant in conjunction with ventures into emerging markets, which are commonly characterized by high political uncertainty and corruption (cf Jansson, 2007).

Public-private partnership have emerged as an opportunity for market access within political salient industries (Akintoy et al., 2008), and have been used as an entry mode by the case companies. However, concurrently, the empirical findings indicate that the collaboration might be a risky business if the governmental party breaches the contracts, or alters policies which might influence the firms commercial activities in a negative way, as they, due to their position, have a discretionary power over the firms (cf Figueria de Lemos, 2013). This fact can be illustrated by SCAB in Egypt, which suffered from a breach of contract, and where unable to solve the problem by negotiating with the government. One can thus argue that involvement with governmental actors might deem risky in this sense, however still constitute a necessity in order to be able to penetrate the highly regulated industry.
Additional reflection

Within the process-based view on internationalization, aspects such as market selection is not seen as a strategic, rational choice (cf Johanson & Vahlne, 1977; McDougal, 1991; Ellis, 2000). However, the empirical findings indicate that all three case companies emphasize the choice of market selection and entry mode as based on strategic considerations to a large extent. SCAB, which explicitly state that they have learned throughout the process that they need to have a more strategic approach, and not enter markets that are associated with high political risk. One can argue that the characteristic of the industry and the complexity surrounding the nation specific healthcare systems are underlying reasons for the emphasized strategic reasoning. Contrastingly, the empirical findings indicate that the nature of the political salient industry makes it difficult, if not impossible to make rational decision and choices based on a strategic analysis. This can be exemplified by the case of GHP, which have been forced to exit several countries when unexpected political decisions were taken over night and thus altered their whole business, which forced them to exit the market.
7. CONCLUSION

The following section will provide conclusions that have been drawn from the analysis in order to answer our stipulated research questions: How does Swedish SME medical service providers internationalize? What factors influence how – and in what way – the process unfolds? Moreover, in the light of the concluding remarks, the conceptual model is refined.

7.1 Concluding Remarks

The research shows that knowledge, network and the institutional context influences how the internationalization process of medical service SME providers’ unfolds to a large extent. Findings reveal that factors influencing motives for internationalization stem from the institutional and political context in the home market, as well as abroad, in combination with the founders and managers previous knowledge and established network relationships, which works as catalysts for international ventures. A vital aspect highlighted in the findings was the institutional context and the political dimension in the home market, as the healthcare system and related policies and regulations was regarded as unfavorable. Even if the tendencies are somewhat changing to private firms favor, the structure of the system, with high inclusion of public providers, fragmented public procurement systems and changing policies, causes uncertainty. The unfavorable conditions can therefore be argued to constitute a vital barrier for SMEs to generate economic muscles and grow. However, the same conditions can also be viewed as triggers, as the limited opportunities, and to a certain extent, solicited demand, drive firms to expand internationally from inception in order to prosper. Hence, having an understanding of the home market and its structure is important in order to understand the prerequisite for the firms aiming to venture abroad within the health care service sector. Thus, acknowledging that the element of political context should include both home and host market context, the conceptual model has been revised in order to further clarify such influence on the process.

The institutional and political context factor influence how the process unfolds. The firms’ market selection is influenced by the perceived degree of political uncertainty, the health systems structure and finance, as well as rules and regulations such as licensing approval. A higher degree of uncertainty and restrictions deter markets that would otherwise be considered. However, a higher degree of favorable institutional conditions, such as a large private market and a functioning reimbursement system, could encourage market selection. Moreover, even if the firms embrace difference forms of entry modes, the research concludes
that the institutional and political context directly impacts the entry mode, either by influencing towards a higher resource commitment in order to manage the institutional and political environment by tapping into local partners knowledge, or lowering the resource commitment, due to hardships of managing nation specific healthcare systems and regulations as well as policy uncertainty. Furthermore, public-private partnerships have emerged as an opportunity for market access within the political salient industry, as illustrated by the findings. Although involvement with governmental actors might deem risky, due to their discretionary power, it still constitutes a pivotal entry mode in the heavily regulated health care industry.

**The network factors influence how the process unfolds**, as demand abroad, either through previously established network contacts, or unsolicited enquiries, illustrates the firms’ market selection. The research also concludes that the partners’ origin as well as international public procurement projects influences and dictates the firms’ market selection. An additional conclusion can be drawn that networks influence the firms choice of entry mode. Interestingly, the findings also imply that the association with governmental network partners in conjunction with market entry might not always be perceived as legitimizing in certain markets, but might rather hamper than facilitate market entry.

**The knowledge factor impacts how the process unfolds**, as experiential knowledge, stemming from being active in a market, impacts the firms’ market selection in its succeeding internationalization. Moreover, research conclude that the early international inception and consequently a high international orientation have enabled the firms to generate considerable experience in foreign market operations, which lowers perceived uncertainty, hence influencing the choice of higher resource modes positively. However, accumulated experiential knowledge stemming from institutional differences and experienced policy uncertainty can also influence a lower resource commitment mode.

Although it can be concluded that institutional context, as well as networks and knowledge, influences the firms’ internationalization, the research findings reveal that the nature of the service provided constitute yet another vital influential factor in regards to how the process unfolds. The more advanced knowledge offered, such as tertiary care, combined with a low-equity commitment, which does not entail financial and juridical risks, enables an opportunity to exploit a high demand from institutionally different markets with a larger knowledge gap,
such as emerging markets. Concurrently, health care services, which require a high resource commitment entry mode due to the services requisite of market presence, will favor institutionally similar markets in order to reduce uncertainties and risks stemming from nation specific health care systems. Additionally, if knowledge regarding the health care service is scarce, such as elderly care in emerging markets, markets with low institutional difference, where the industry is mature and thus an understanding of the service is established, will be favored. Thus, the nature of the service should be acknowledged as an additional key influential factor in our revised conceptual model, which is presented below.

![The revised conceptual model](image-url)
7.2 Academic & Practical Contribution

This thesis has contributed to an extension of the established literature on SME internationalization by illustrating that network- and process-theory are inadequate to sufficiently explain vital factors influencing firms’ internationalization processes. By adding research from the institutionalism field, this paper contributes by showing that knowledge, network and the institutional context and political dimension together, in a more comprehensive way, can explain how firms within political salient industries in general, and in the healthcare industry in particular, internationalizes and what factors influences the process. Moreover, the revised model further contributes to enhanced understanding of the phenomenon by highlighting the importance of the institutional context in the home market as a pivotal factor, which to our knowledge has been overviewed in regards to firms’ international venture. In addition, the nature of the service has been concluded to play a critical part in the SMEs decisions of how and in what way they internationalize, and should thus be further acknowledged as a key influential factor in their internationalization process. By providing rich intra-firm empirical data within this unique and newly emerged context, the thesis contributes to closing the research gap, which has been highlighted by several authors in conjunction with internationalization of healthcare service firms.

Based on the research findings, important practical contributions in terms of suggestions to export promotion agencies and governmental trade support organizations can be disclosed. Given the differing healthcare systems across nations with diverse degrees of privatization and structures for reimbursement, frequent updates concerning structural or governmental changes and industry outlooks would constitute valuable information for firms within the industry. Furthermore, the vast array of international procurement contracts available is argued to be both time-consuming and difficult for each individual SME to identify. Therefore, it can be suggested that such contracts can be identified and organized within the agencies in order to further support and facilitate international opportunities for SMEs. Moreover, by analyzing what factors influences Swedish medical service SMEs during the internationalization process, vital managerial implications can be highlighted. When venturing abroad within this political salient industry, managers should focus on building relationships with local partners. Having a trustworthy local partner whom holds fundamental information and insight into the institutional and political context, becomes a key factor in regards to managing political and policy uncertainty. This aspect becomes even more vital in regards to ventures into emerging markets, due to heightened corruption and political turbulence risks.
However, it should be acknowledged that developing markets offers a great commercial market for healthcare firms and opportunities to exploit first mover advantages. Still, as the healthcare systems in developing countries are often immature, managers should be aware and prepared to outline strategies in regards to “educate the market” in order to achieve continuous growth in these markets.

7.3 Limitations & Suggestions for Future Research
As the very nature of this thesis has been to enhance the understanding of how Swedish SMEs internationalize and what factors influences the process, the framework and empirical findings have been constructed to incorporate multiple factors in order to be as comprehensible as possible. However, although this mirrors the purpose of our paper, the extensiveness of factors brings limitations in studying the variables relation to each other. Further studies could be fruitful to depict the interrelation between the factors and, if possible, quantitatively test and measure the correlation by stipulating hypotheses.

Moreover, throughout the course of the research, an interesting aspect has been identified but not sufficiently dealt with and hence, constitute an important suggestion for future research. This aspect is related to firms’ strategic decision making and planning, which was identified as a common characteristic across the case firms. As mentioned previously, a strategic, rational approach might arguably be necessary in order to manage the political and policy uncertainty surrounding the healthcare industry, but might however deem extensively difficult due to unexpected shifting policies. Hence, how managers in healthcare firms design strategies manage the turbulent environment would be a fruitful future research to undertake, which would contribute to an enhanced understanding of the complexity for the firms within this industry.
LIST OF REFERENCES


APPENDIX: INTERVJU GUIDE

PART A – BACKGROUND QUESTIONS

1. What year were the company established and how many employees are there currently?
2. Can you please explain what services and/or products the company provides?
3. Can you please start by describing your role and position at the company?
4. What are your main responsibilities and tasks?
5. Who are your main customers and how do you approach them?
6. Can you explain how the firm gets compensated for provided services? (eg. reimbursement)

PART B – THE INITIAL INTERNATIONALIZATION PROCESS

1. Could you please begin by clarifying which markets you are present today?
2. When did you first venture internationally?
3. Can you describe the reasoning/rationale behind the decision to first internationalize?
4. Where there any triggering/motivate factors that initiated the process, and if so, can you describe what they were and how they affected your decision?
5a. Where there any critical barriers that were identified and/or experienced in the initial phases of the internationalization? If so, could you explain what they were and how they affected your initiated decision to internationalize?
5b. Where there any industry specific barriers that you encountered, and if so, could you please elaborate on how they affected you and how they were managed?
6. Can you please describe (if there were any) facilitating aspects, which enabled the internationalization?
7a. What was your first international market?
7b. Can you explain the reasoning behind the choice of market and which factors that influenced your choice?
7d. What opportunities did you identify on the chosen market?
7e. What barriers or hinders did you encounter when entering into this market? How were these managed?
8a. Please describe your choice of entry mode when entering into the market. Can you elaborate on the reasoning behind the particular entry mode chosen?
9a. Have you utilized any partners or contacts on the chosen market?
9b. If so, an you please describe the rationale behind choosing such partner?
9c. How was the partnership initiated? How was contact established?

9d. What was the motives behind choosing to use a partner?

10a. Where there any collaborations with governmental or other political actors?

10b. If yes, can you please elaborate further on how such relationship was initiated, how it unfolded, and what it has looked like?

10c. Please describe the role and importance of such relationship. What influence has it had on the process?

11a. Where you required to obtain any specific licenses, certificates, approvals or fulfill any other type of criteria stipulated by governmental and political host market actors?

11b. If so, can you please elaborate on what types, how they were acquired, what was required and how they influenced the process?

12. Have you applied for/been granted any types of government funding (either from home government or host government), assistance or other support from governmental or semi-governmental organizations? If yes, on what premises where you granted such?

**PART C – THE CONTINUED INTERNATIONALIZATION PROCESS**

1. Can you please describe how the continued internationalization process has unfolded since your first international venture?

2a. What markets did you internationalize to and why? Please elaborate.

2b. In what way has the structure of the health care system influenced your choice of market selection?

3. How has your previous international market experience influenced your market selection?

4a. Have you employed the same, or similar, entry modes into the succeeding international markets?

4b. If not, please elaborate further on what influenced your decision to employ a different entry mode.

5a. Has your previous contacts and relationships influenced your continued internationalization? Please describe how and in what way.

5b. How have you identified your potential partners for continuous markets?

5c. Please elaborate on how this process has unfolded. How have you established contact with such partners? How has the relationship developed? How have you entered their networks? What are important aspects to consider?
6. Were you able to benefit from the experience of your previous market entry? If so, please describe how and in what way.

7a. What industry specific factors are particularly relevant to take into consideration when venturing abroad?

7b. Could you please describe the biggest challenges for your internationalization within the industry?

8a. Could you please describe the process to venture into emerging markets vis-à-vis more developed markets?

8b. In what way did the process differ?