

Exploring the role of managerial and organizational capabilities for the inbound internationalization of small and medium-sized enterprises

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Abstract: This study investigates the inbound internationalization of small and medium-sized enterprises (SMEs). Inbound internationalization refers to a process of internationalization where firms attract foreign customers to their home market instead of entering foreign markets. While a plethora of studies have documented outward firm internationalization, knowledge of inbound internationalization is limited. We draw on the dynamic capabilities perspective and conduct qualitative research with owner-managers of tourism and hospitality SMEs. Our findings show that both managerial and organizational capabilities (networking, marketing, technology, and innovation) drive inbound internationalization. We contribute to the SME internationalization literature by investigating an underresearched phenomenon and by identifying the operational and dynamic capabilities that drive inbound internationalization. Furthermore, we add to the capability perspective in an international business context by showing that managerial and organizational capabilities complement each other and jointly influence inbound internationalization. Our study also contributes to the international business literature in a Latin American context.

Keywords: SME; inbound internationalization; managerial capabilities; organizational capabilities; network; marketing; technology and innovation; Latin America

Introduction

Internationalization of small and medium-sized enterprises (SMEs) is commonly understood as an outward process, which allows these firms to enter foreign markets using equity and non-equity foreign market entry modes (Morais & Ferreira, 2020). Prior research includes a plethora of studies that identify the managerial and organizational capabilities that enable SMEs to overcome innate resource shortages and drive outward internationalization (for example, Faroque et al., 2021; Jie et al., 2021; Stoian et al., 2017). Such capabilities influence multiple internationalization outcomes, such as international competitiveness, opportunity recognition, performance, and growth (Mathews et al., 2016; Rahman et al., 2021).

However, a number of SMEs follow an inward approach to internationalization (Korhonen et al., 1996) by reversing the direction and attracting the foreign consumer to the domestic market of the SME (Bjorkman & Kock, 1997). We denominate this phenomenon inbound internationalization and define it as “attracting and conducting business activities with foreign customers in the domestic market of the firm.” The inward emphasis of this inbound form of internationalization is found mostly in service sectors, such as education (Bianchi, 2010), hospitality (Otengei et al., 2017; Turunen & Nummela, 2017), and retailing (Hadjimarcou et al., 2017). Similar to an outward approach, inbound internationalization requires specific

combinations of organizational and managerial capabilities to enhance performance (Bianchi, 2011; Turunen & Nummela, 2017).

While inbound internationalization is not a new phenomenon, it has received limited research attention, particularly in the SME context, where only very few studies exist (Bjorkman & Kock, 1997; Turunen & Nummela, 2017). Although internationalization is beneficial for these firms, SMEs are limited by their resource scarcity and internationalization liabilities. Conversely, inbound internationalization generally requires fewer resources and can yield benefits similar to those of outward internationalization. Specifically, SMEs can tap into a larger pool of customers, decrease their dependency on the domestic market, generate job creation, and increase their chances of growth and survival (Hadjimarcou et al., 2017). Overall, inbound internationalization can benefit the performance of SMEs (Falahat et al., 2020).

In a similar vein to research conducted in international business, the capability perspective highlights the roles of both dynamic managerial and organizational capabilities for attaining a competitive advantage and enhanced performance outcomes (Eriksson, 2013, 2014; Helfat & Martin, 2015; Helfat & Peteraf, 2015; Teece, 2018). While many studies anchor their arguments in the dynamic capability perspective, gaps in knowledge remain, and recent studies have called for more research to investigate how managerial and organizational capabilities complement each other for organizational performance (Helfat & Peteraf, 2015; Schilke et al., 2018).

Thus, the objective of this study is to identify the managerial and organizational capabilities that enable SME inbound internationalization, and to understand how these capabilities complement each other to influence organizational results. We embed our arguments in the capability perspective (Battaglia & Neirotti, 2022; Helfat & Peteraf, 2015; Maitland & Sammartino, 2015; Rahman et al., 2021; Teece, 2007) to reveal which particular managerial and organizational capabilities allow SMEs to perform inbound internationalization. The circumstances of this reversed form of internationalization are consistent with an inward approach to internationalization (Korhonen et al., 1996), and differ from outward internationalization in that firms engage in international-oriented activities in their domestic market, instead of traveling and entering foreign markets to consume the product or service. Consequently, the capabilities required for this process, while sharing some common elements, may differ from those required for outward internationalization. Thus, the main research question of this study is, how do managerial and organizational capabilities drive SME inbound internationalization?

We chose to situate our study in the tourism and hospitality industry of Chile. Tourism acts as a stimulating factor for economic and national development in Chile and is a main source of foreign income owing to its multiple effects on other industries (Aqueveque & Bianchi, 2017). In Chile, the tourism industry is mostly composed of SMEs, which play a major role in driving growth and providing employment and entrepreneurial opportunities for the industry (UNCTAD, 2020). Thus, it is vital for tourism SMEs to develop and strengthen a viable position in an increasingly competitive global market.

Although internationalization and growth in Latin America rely heavily on SME entrepreneurship (Gil-Barragan & López-Sánchez, 2021), there is still a dearth of research on SME internationalization in this context (Bianchi & Wickramasekera, 2016), particularly regarding SME inbound internationalization. SMEs from emerging markets generally face substantial obstacles, such as informational barriers, insufficient financial resources, and a lack of international market orientation (Rahman et al., 2017). Thus, inbound internationalization

can help to increase SME performance by allowing them to exploit economies of scope and scale (Wu & Deng, 2020).

Overall, this study makes three contributions. First, it contributes to the SME internationalization literature by understanding the role of managerial and organizational capabilities for inbound internationalization. We enhance the current knowledge by revealing eight dynamic capabilities that are essential for inbound internationalization. We note that while similarities exist with outward internationalization, inbound internationalization appears to be characterized by an enhanced commitment to attracting foreign customers, as reflected by the emphasis placed on adapting services to foreign customers' expectations. Thus, it adds to the nascent literature on inbound internationalization (Bianchi, 2011; Turunen & Nummela, 2017). Second, this study contributes to the capability perspective in an international setting by disclosing how managerial and organizational capabilities complement each other to achieve inbound internationalization. It also offers a better understanding of the role of managerial and organizational capabilities in SME performance (Schilke et al., 2018). Third, this study enriches the scant literature on SME internationalization in Latin America (Bianchi et al., 2017).

The rest of the study is organized as follows. We first review the literature on SME internationalization and present the theoretical background to the study followed by sections that provide the methodological aspects and the findings of our study. The final section offers a discussion of the findings, implications, limitations, and future research directions.

Literature review

Inward internationalization

Welch and Luostarinen (1988, p. 36) defined the internationalization of firms as “the process of increasing involvement in international operations.” This definition embraces both the outward and inward forms of internationalization, which suggests that firms can internationalize through inward or outward activities (Hernández & Nieto, 2016; Idris et al., 2022; Kang et al., 2021; Welch & Luostarinen, 1993). It also indicates that research should consider a more holistic approach to the internationalization process of firms (Fletcher, 2001; Karlsen et al., 2003). Inward internationalization is defined as the set of purchase and production operations, such as imports of products, machinery, raw materials, knowledge acquisition, and the co-production of goods with foreign companies in the domestic market (Korhonen et al., 1996). Inward activities can provide opportunities for firms to build relationships with foreign firms and networks to acquire important resources and capabilities that later facilitate outward internationalization (Eerme & Nummela, 2019; Li et al., 2017).

Despite the relevance of inward activities, firm internationalization theories refer mostly to the outward process: that is, the activities that firms conduct in overseas markets, such as establishing franchises or wholly owned subsidiaries in overseas markets. The most common theoretical approach is the Uppsala model (U-model) of firm internationalization (Johanson & Vahlne, 1977; 1990; 2009). This model describes the internationalization process as gradual and incremental, where the international expansion starts from markets that are relatively close to the domestic one in terms of geographical and psychic distances. Internationalization is viewed as a process of learning from the firms experience in conducting operations in

international markets and is followed by an increase in resource involvement (Johanson & Vahlne, 2009).

Several studies suggest that inward and outward forms of internationalization are intrinsically linked, particularly where inward activities are necessary for establishing the outward activities of a firm (Idris et al., 2022; Kang et al., 2021; Korhonen et al., 1996; Roolaht & Varblane, 2009). Inward activities may give firms opportunities to learn about international business and assist in the formation of relationships with foreign actors, which can lead to outward-type opportunities for companies (Karlsen et al., 2003). These relationships with foreign suppliers may be a source of the firms foreign market knowledge, which can help to facilitate the establishment of the network relationships, leading to the firm receiving foreign customers (Eerme & Nummela, 2019; Hernández & Nieto, 2016). Inward internationalization is also found to affect the performance and success of foreign expansion for SMEs (Li et al., 2017). SMEs may use import contacts to aid their own international expansion at later stages through exports, franchise agreements, and licensing (Korhonen et al., 1996). Thus, an inbound form of internationalization can contribute significantly to SME performance (Horn et al., 2014; Turunen & Nummela, 2017).

SME inbound internationalization

There has been increasing academic research and systematic literature reviews on the internationalization of SMEs in the last two decades (Chandra et al., 2020; Jie et al., 2021; Morais & Ferreira, 2020). Particularly, this research has taken an outward approach and focused on the drivers, process, and challenges of SMEs when entering foreign markets (Paul et al., 2017). Comparatively, and despite its benefits for firms and communities, much less is known about the inbound approach to SME internationalization. Nevertheless, there are several forms of inbound internationalization due to the location-bound nature of specific industries. The inward emphasis of these sectors is not on importing but rather on attracting foreign consumers to their domestic market. Because international boundaries are involved, we describe this behavior as “inbound internationalization” and consider it as a form of inward internationalization.

Gaining further understanding of inbound internationalization is important, since for many SMEs, it may be the only viable internationalization path due to location-bound restrictions. Being able to attract foreign customers increases the sustainability and growth prospects of SMEs and drives job creation and job security (Otengei et al., 2017). Traditional internationalization models may fall short of explaining SME inbound internationalization because this process is strongly affected by the SMEs’ domestic market as opposed to the customers’ foreign market (Bjorkman & Kock, 1997; Turunen & Nummela, 2017).

The few studies investigating inbound internationalization have identified that the main challenges and barriers to inbound internationalization are related to the domestic market of the firm because foreign customers must travel and live in a foreign country with a different context (Bianchi, 2010, 2011). For example, Bianchi (2011) identified the relevant barriers and drivers of inbound internationalization for consumer services in Australia. The author found that superior international performance for these firms was achieved through a combination of managerial and organizational resources and capabilities, such as the international market orientation of the organization, engaging in domestic and international networks, providing service quality with international standards, and developing cultural sensitivity (intelligence), and online communication activities. These capabilities were relevant to attract and satisfy

foreign customers in the domestic market of the firm. Further, Turunen and Nummela (2017) explored the internationalization of location-bound SME tourism companies from Finland. The authors found that the key capabilities for the inbound internationalization of these firms were the company resource base, networks, and entrepreneurial capabilities, such as the entrepreneurs' language skills, global mind-set, and cultural awareness. Similarly, Otengei et al. (2017) studied the inbound internationalization of African-ethnic restaurants, drawing on the dynamic capability perspective. The authors found that innovation capabilities, such as the capacity to offer a wide range of dishes as well as the ability to engage with new technology, allowed these restaurants to attract foreign customers and increase their inbound internationalization. Overall, the findings highlight that the interplay between managerial and network capabilities is important for inbound internationalization.

Dynamic capabilities in internationalization

Capabilities are defined as “a firm's capacity to deploy resources, usually in combination, using organizational processes, to effect a desired end” (Amit & Schoemaker, 1993, p. 35). Capabilities are generally classified into operational capabilities and dynamic capabilities (Eriksson, 2014; Helfat & Winter, 2011). Operational capabilities “are directed toward maintaining and leveraging the status quo in terms of the scale and scope of activities, businesses, product lines, customer segments, and the like” (Schilke et al., 2018, p. 393). They enable the firm to function on an ongoing basis and contribute to organizational outcomes (Winter, 2003). Conversely, dynamic capabilities refer to “the firm's ability to integrate, build, and reconfigure internal and external competencies to address rapidly changing environments” (Teece et al., 1997, p. 516). Dynamic capabilities enable the firm to identify new opportunities and to upgrade its ordinary capabilities to compete successfully in new or existing markets (Eriksson, 2013, 2014; Teece, 2018). These capabilities are difficult to replicate, since they are embedded in the entrepreneurial managers' characteristics and in the organizational culture and routines of the firm (Teece, 2014a). Similar to the literature on outward internationalization (Falahat et al., 2020), dynamic capabilities can assist SME inbound internationalization by helping them to discern the needs of foreign customers and identify international market opportunities (Rahman et al., 2021; Teece, 2014b).

Dynamic capabilities consider both organizational and managerial capabilities (Helfat & Martin, 2015; Teece, 2018), and these are linked with a broad range of organizational outcomes. However, scholars agree that there is limited understanding regarding how managerial and organizational capabilities contribute jointly to organizational performance (Helfat & Peteraf, 2015; Schilke et al., 2018). For example, the literature links dynamic managerial capabilities (human and social capital, managerial cognition) and organizational capabilities (networking, marketing, innovation/technology) to internationalization outcomes, such as international opportunity recognition, performance, and growth (Battaglia & Neirotti, 2022; Bodlaj et al., 2020; Chetty et al., 2018; Eriksson et al., 2014; Mathews et al., 2016; Rahman et al., 2021; Tasheva & Nielsen, 2020).

The capability perspective offers an appropriate framework to analyze SME inbound internationalization because these firms must reconfigure their resources and operational capabilities to achieve inbound internationalization (Wu & Deng, 2020). This implies that although SMEs develop operational capabilities to function in the domestic market, they must also develop dynamic capabilities for inbound internationalization to attract and satisfy foreign customers. It is expected that managerial cognitive and leadership capabilities as well as

organizational innovation and technological, marketing, and network capabilities are needed both for inbound and outward internationalization (Eriksson et al., 2014; Teece, 2014a).

Furthermore, internationalizing SMEs are exposed to varying economic, political, and cultural contexts as well as to health crises, such as COVID-19. Thus, to successfully attract and satisfy foreign customers, SMEs must be able to identify and exploit opportunities beyond national borders and adapt rapidly to changing environments or new customers (Battaglia & Neirotti, 2022). Drawing on the above, we argue that to achieve inbound internationalization, SMEs must build on their operational capabilities for the domestic market and develop specific managerial and organizational dynamic capabilities to attract and satisfy foreign customers.

Managerial and organizational capabilities relevant to SME internationalization

The SME literature reports that managerial and organizational capabilities affect various outward internationalization outcomes, such as opportunity recognition, performance, and growth (Falahat et al., 2020; Freixanet & Renart, 2020; Kaleka & Morgan, 2019; Torkkeli et al., 2019; Zucchella et al., 2019). Research also finds that organizational and managerial capabilities can play a vital role in reducing the liabilities of smallness (Musteen et al., 2010; Zhou et al., 2007) and foreignness (Barnard, 2010), which are typical of SMEs from emerging markets, such as Latin America (Qian et al., 2013). We provide a synthesis of the extant literature on managerial and organizational capabilities that are relevant to SME inbound internationalization.

Managerial capabilities refer to the entrepreneurial orientation, education, experience, and leadership skills of the owner-managers of the SME to engage in risk-taking and proactive behaviors (Cahen et al., 2016; Freixanet et al., 2018). Previous research has concluded that managerial capabilities are likely to influence internationalization performance, since managers draw upon their competencies to operate in new markets (Graves & Thomas, 2006; Hsu et al., 2013; Idris et al., 2022). For example, managements attitudes and knowledge, embodied in prior education and international experience, may compensate for the lack of foreign market knowledge (Santoro et al., 2021). For inbound internationalization, managerial capabilities can help SMEs to cope with the uncertainties inherent in dealing with foreign customers (Turunen & Nummela, 2017).

Network capabilities are defined as “abilities to initiate, maintain, and utilize relationships with various external partners” (Walter et al., 2006, p. 546). Building and maintaining relevant networks is part of a successful SME internationalization process (Johanson & Vahlne, 2009). Firms are able to enrich their resource/knowledge stocks as well as enhance their innovation potential by interacting with a varied set of collaborators (Bai & Johanson, 2018; Eerme & Nummela, 2019; Goxe et al., 2022; Puthusserry et al., 2020; Santoro et al., 2021). Networks are also found to be an important source of SME international performance (Francioni et al., 2017; Solano-Acosta et al., 2018; Yan et al., 2017). For SME inbound internationalization, network capabilities such as networks with local or foreign actors may allow SMEs to tap into an increased pool of foreign customers and agents (Bianchi, 2011).

Marketing capabilities for international markets refer to the firms’ abilities to create value for foreign customers through effective market research as well as the planning and scanning of foreign markets and providing differentiated offerings from those of competitors (Kaleka & Morgan, 2019). Marketing capabilities are found to assist SMEs to enter and operate more effectively in international markets (Falahat et al., 2020; Jie et al., 2021; Sok et al., 2013). The literature has identified several (dynamic) marketing capabilities for outward

internationalization, such as customer relationships, marketing intelligence, and marketing communications (Bodlaj et al., 2020; Kaleka & Morgan, 2019; Pyper et al., 2020). For inbound internationalization, service quality, relationships, and communication allow SMEs to attract and satisfy foreign customers (Bianchi, 2010).

Innovation and technological capabilities refer to the firms' abilities to develop new products and services or to use new technological processes in order to meet current and expected future needs (Kyläheiko et al., 2011). Technological capabilities can increase the quality and speed of communication and transactions and can decrease costs, which can make internationalization more feasible for resource-constrained SMEs (Bianchi et al., 2017). Technological capabilities increase SMEs' ability to achieve inbound internationalization, since they allow them to establish a direct interface with foreign customers (Bianchi et al., 2017) and are critical enablers for enhancing interfirm collaboration (Davicik et al., 2020). In addition, innovation capabilities can help SMEs to produce new competitive products and services that are adapted to foreign customers' preferences (Falahat et al., 2020) and affect outward internationalization performance by sustaining SMEs in sensing, seizing, and transforming technological and market opportunities (Battaglia & Neirotti, 2022; Silva et al., 2017). Overall, technological and innovation capabilities can drive the attraction and satisfaction of foreign customers and can foster SME inbound internationalization performance (Turunen & Nummela, 2017). A summary of the relevant literature on the most important capabilities for SME internationalization is found in Table 1.

Insert Table 1 here

This literature review displays the most prominent capabilities put forward by SME studies. It also shows that the vast majority of studies focus on outward internationalization, while inbound internationalization has generally been ignored. Thus, we have limited knowledge on how specific managerial and organizational capabilities affect inbound internationalization.

Research methodology

We adopted a qualitative, multiple case study approach to gain an in-depth understanding of SME inbound internationalization, a phenomenon of which we have only limited understanding. Case studies allow for the investigation of a phenomenon within its context (Welch et al., 2022, 2011; Yin, 2009), which is fundamental for studying SMEs (Child et al., 2022). Furthermore, the case study methodology has evolved into a well-accepted and widely utilized research method in international business (Fletcher et al., 2013).

Context: Tourism and hospitality sector in Chile

The specific context for this study is tourism and hospitality SMEs in Chile. Chile is among the most important tourism destinations in South America, according to the latest Travel and Tourism Competitiveness report (TTCI, 2019), and is the most competitive country in the region, according to the Global Competitiveness Index 2020 (WEF, 2020). The country also benefits from relatively high levels of safety by regional standards, and the tourism infrastructure has improved noticeably in the last decade. In 2019, travel represented 29% of

total service exports, which made tourism the most important national export sector and a relevant industry for the economic and social development of Chile (Sernatur, 2020).

Although the majority of Latin American countries have become more open to inward and outward foreign investments, the region's economic activity has decreased in the last few years, and growth prospects have weakened (Economist, 2017). SMEs in this region are still struggling to operate internationally and face the challenge of responding to the increasing levels of technology that are emerging in advanced economies (Rahman et al., 2017). For countries such as Chile, internationalization is of great importance, since the economy depends to a great extent on entrepreneurship and private initiatives (Dini & Stumpo, 2019).

In particular, tourism SMEs act as a stimulating factor for economic development in emerging countries due to their effects on other industries (Cong & Thu, 2021), and the expansion of the market allows them to exploit economies of scale (Love et al., 2016). These SMEs form the backbone of the tourism sector for Latin American countries and create unique entrepreneurial opportunities for women, minorities, and immigrants (ECLAC, 2020). Nevertheless, despite their importance for national growth, the inbound internationalization of tourism SMEs has received hardly any research to date. Although SMEs represent the vast majority of firms in the tourism industry and are essential for boosting growth and job creation (UNCTAD, 2020), they also face substantial obstacles to attracting foreign customers, such as fewer financial and managerial resources (Rahman et al., 2017). Currently, many of the internationalization problems for tourism SMEs relate to lower productivity and a lack of international exposure (Ruiz-Arranz & Deza, 2018). Thus, it is important to understand the SME capabilities needed to overcome barriers and engage in inbound internationalization to provide satisfying experiences for foreign tourists.

Data collection

A sample of 23 case studies of SMEs was chosen to ensure diversity within the sample in terms of international service activity within the tourism and hospitality sector. Purposeful sampling was used to identify appropriate cases based on the following characteristics. First, the firms had to subscribe to the SME definition used in Chile: namely, to have no more than 200 employees and an annual turnover not exceeding US\$3 million. Second, SMEs had to offer hospitality or tourism services to foreign tourists. Third, at least 25% of total SME sales had to be to foreign customers (tourists). Fourth, we sought variation in terms of the business type, size, degree of inbound internationalization, and owners' prior experience. Specifically, the data sources comprised tourism operators, travel agents, hostels, small hotels, and restaurants. In this way, we ensured that our findings would encompass a broad range of tourism and hospitality establishments. Table 2 provides an overview of the cases and the demographic information of the respondents.

Insert Table 2 here

Interview data

The main source of data collection was semi-structured, in-depth interviews with the owner-managers of the tourism and hospitality SME cases located in Chile. Based on the recommendations of McCracken (1988), interviews were conducted between September and December 2019 with the key international decision-makers of the SMEs, who in most cases were the owners. In some cases, we considered two interviewees, given their role in the

international activity of the SME. The authors recruited informants based on their representativeness, knowledge of the internationalization process, and willingness to participate. These cases were deemed relevant to allow for depth of information to aid theory development (Eisenhardt, 1989). The sample consisted of 11 female and 14 male respondents.

Based on our literature review, a semi-structured interview protocol was developed to guide the interviews. Initial questions required information about the SMEs business and location, as well as the age and experience of the respondent, and information about the firms foreign customers. Further questions asked respondents for their opinions regarding the impact of managerial, network, innovation and technology, and marketing capabilities on their ability to achieve inbound internationalization and attract foreign customers. Direct questions about the owner-managers characteristics were discussed and real names were changed for the purposes of confidentiality. The interview protocol was pretested to ensure that the questions were worded in a nondirective manner (McCracken, 1988) and interviews continued until theoretical saturation was achieved (Lincoln & Guba, 1985). All interviews were recorded and transcribed, and the transcripts were sent back to respondents to crosscheck and confirm the accuracy of their responses. Interviews lasted between 55 and 90 minutes and were conducted in Spanish and later translated into English following a back-translation process (Brislin, 1970).

Additional data

Interview data were triangulated with additional sources of information to corroborate the initial findings and to enhance the validity of the study (Natow, 2020). Triangulation was obtained by conducting supplementary short interviews and additional research conversations with the managers of some of the cases, which served the purpose of providing further clarification on the roles of dynamic and operational capabilities.

Furthermore, we drew on archival information available on blogs, company websites, and non-tourism social media platforms such as LinkedIn, Twitter, and Facebook (Knox & Casulli, 2021; Shepherd et al., 2022). We also collected over 150 reviews provided by international tourists on specific tourism and hospitality digital platforms, such as Booking.com, Expedia.com, and Tripadvisor.com. Thus, we were able to juxtapose managerial interpretations with international tourist perceptions. The importance of dynamic capabilities, such as the inspirational role of the owner-managers and their international strategic management skills, are reinforced by such reviews. Furthermore, dynamic organizational capabilities, such as the ability to develop networks with foreign customers, the sustainable aspect of certain innovation projects, and the personalized service and experience, are often highlighted in international tourist reviews.

Data analysis and interpretation

We embraced an abductive approach, given that this study comprises a mix of extensively researched concepts (for example, dynamic and operational capabilities), which provided a basis to develop understudied concepts, such as inbound internationalization. We began with a preliminary understanding of inbound internationalization, drawing on the few extant studies on this phenomenon (Bianchi, 2011; Turunen & Nummela, 2017) and on capabilities in outward internationalization (for example, Falahat et al., 2020; Jie et al., 2021). Next, we collected the empirical evidence in terms of theoretical concepts in the dynamic capabilities literature (Eriksson, 2013; Helfat & Peteraf, 2015) and the SME internationalization literature, aligning this study with the logic of abductive research (Gehman et al., 2018; Maitland & Sammartino, 2015).

We conducted a thematic analysis following well-known guidelines (Corbin & Strauss, 2015). Data analysis was conducted following an iterative process between the empirical data and theory (Welch et al., 2011) and involved both inductive and deductive considerations (Miles et al., 2014). NVivo 12 was used for data coding and was instrumental for navigating between different sources of evidence. Our analysis involved three main coding steps. First, we read the material several times to gain an in-depth understanding of the empirical evidence. Then, we coded it based on the theoretical underpinning, the SME internationalization literature, and the conversations with the managers. We thus identified 14 first-order codes. A second step involved finding the theoretical meanings of the codes previously identified. In line with Gioia et al. (2013), we considered the empirical data, extant theory, and literature in tandem. Specifically, we iterated between the codes identified in the previous step, the themes emerging from these codes, and the theoretical underpinnings on dynamic capabilities as well as the SME internationalization literature. We compared and contrasted the first-order codes with the aim of identifying any similarities and differences, which allowed us to group them into theoretically meaningful themes. Next, we aggregated these codes into eight themes that took into account the types of capabilities. We continued reading through our material to ensure that these themes accurately expressed our understanding and remained stable throughout our dataset. Finally, we collapsed these themes into four aggregate dimensions, which revealed the managerial, network, marketing, and innovation/technological capabilities relevant for inbound internationalization. Finally, we triangulated these findings with additional materials (Welch & Piekkari, 2017). The coding structure is shown in Figure 1.

Insert Figure 1 here

Findings

The analysis of the data shows that managerial and organizational dynamic capabilities influenced the inbound internationalization of SMEs in different and complementary ways, as presented in the rest of this section.

Managerial capabilities

Our empirical analysis shows that specific dynamic managerial capabilities are key for inbound internationalization, namely, international strategic management skills and acting as a role model/team mentor. Capabilities related to education, training, and experience, which are used for ongoing operations, serve as a basis to develop the dynamic managerial capabilities needed for inbound internationalization. Specifically, experience equips owner-managers with a better understanding of the business and industry in which they operate:

Experience gives you the confidence to operate and understand how the business works. Just reading books will not help you understand the business; rather, your experience is the one that will really give you everything. (R. 14, Case M)

Similarly, previous learning through education or training helped SMEs to develop the dynamic capabilities needed to attract and satisfy foreign customers, as shown below:

Having a strategic vision or having the ability to use management tools is a result of my previous training, which allowed me to run my company. My business education was useful for managing projects, working with spreadsheets and technology. If I had not had my previous education, the learning curve would have been even harder. (R. 11, Case P)

These findings resonate with previous SME internationalization literature, which reports a positive link between education, prior work, and the international experience of the managers and internationalization outcomes (Cahen et al., 2016; Freixanet et al., 2018). Drawing on these studies, we found that managerial prior education, work, and international experience are vital for developing dynamic capabilities for inbound internationalization, namely international strategic management skills and acting as a role model/team mentor. In turn, these dynamic capabilities enable organizing activities as well as training and empowering staff to successfully conduct business with foreign customers (Freixanet et al., 2018; Rahman et al., 2021).

Dynamic international strategic management skills lead SMEs to actively explore new opportunities to attract foreign customers. Consensus existed among respondents that these permeated the whole organization and helped to exploit opportunities with foreign customers:

You need to have a long-term vision that allows you to operate during the whole year with at least a 60 percent occupancy rate to absorb the fixed costs. For example, in the summer, I offer beach activities, surf, and barbecues to foreign tourists. During the winter, I offer night cinema and hot chocolate so that tourists have activities in both seasons. (R. 2, Case M)

We try to offer everything according to the needs of our customers. We listen to them and we have the ability to adapt to their needs. If we do a barbecue in the hostel on a Saturday night, we offer a vegan and vegetarian menu [for foreign customers]. This is differentiating and innovative. We know this from listening to our [foreign] customers (R. 14, Case N).

Education/training and experience enable owner-managers to act as role models/team mentors for their employees. In alignment with previous SME internationalization literature (Kuivalainen et al., 2004), the leader's attitude sets the tone for the entire organization, thus influencing employee behavior and performance outcomes:

The people who work for me do not see me sitting at my desk. They see me doing things, and they imitate what I do. I lead by giving an example, and I tell them that they have to experience the service that we offer because the contact with the client is key. As the owner, I have to set an example, so I also participate in the service experience. (R. 7, Case F)

Interestingly, we note that managers attributed particular importance to working as a closely connected team for inbound internationalization:

We are not just work colleagues; we are basically friends. This ability to work as a team influences our ability to attract and retain foreign customers. If you work happily, you do everything right. We are a company with a millennial mentality. (R. 3, Case B).

In sum, dynamic managerial capabilities, such as international strategic management skills and acting as a role model/team mentor, influence inbound internationalization by increasing the attraction and satisfaction of foreign customers. These capabilities are essential for the identification and exploitation of opportunities (foreign customers in new markets) (Teece, 2018) and for ensuring that they are offered an adequate service quality. Furthermore, dynamic managerial capabilities help to motivate and train employees, which is essential for inbound internationalization. Operational capabilities support the development of dynamic capabilities and assist inbound internationalization. Hence, we suggest the following proposition:

Proposition 1 (P1): Inbound internationalization, particularly related to addressing opportunities regarding foreign customers in new markets and setting the strategic path to follow, is driven by dynamic managerial capabilities, such as international strategic management skills and acting as a role model/team mentor, and is supported by managerial operational capabilities, such as prior experience and education/training.

Networking capabilities

Our analysis reveals that network capabilities are indispensable for inbound internationalization, thus supporting the findings of prior research (Turunen & Nummela, 2017). We identified dynamic capabilities, namely networking within the tourism sector to enhance inbound internationalization in the domestic market and proactive international networking to attract foreign customers, and supporting operational capabilities, such as interorganizational networking for access to the resources needed for service provision.

According to respondents, networking within the tourism sector is key for achieving benefits for the entire industry and for individual firms. Managers understand the importance of cooperating with competing firms in the tourism sector (Ingram & Roberts, 2000; Wang & Krakover, 2008) to promote a coherent identity across a range of foreign customers:

We must all work toward promoting a tourism destination. We should all work together to generate the identity of this destination. Chile needs a unified identity, and everyone must contribute to generate the identity of a destination. (R. 11, Case K).

Interestingly, our findings show that networking within the domestic tourism sector portrays an inherent community spirit driven by shared goals and understanding. Network members cooperate to boost inbound internationalization in Chile:

There is a Chilean Association of Tourist Companies, where meetings are held periodically. I participate along with my competitors because we all want to have more foreign tourists coming to Chile. In fact, there is a lot of associative work in the industry, which is essential for attracting foreign tourists and providing a wholesome experience. (R. 17, Case Q)

Moreover, our study reveals another dynamic networking capability, namely proactive international networking to attract foreign customers. This capability can drive the expansion of the customer base to new markets (Chetty et al., 2018), as shown by the following:

Previously, we did not have Chinese customers. However, a Chinese agent contacted me through an operator in Argentina who recommended me. I know most of the hotel managers in Argentina. They get to know you, and they recommend you. So now, I am receiving Chinese customers precisely because of my network contacts. (R. 16, Case P)

Regional interorganizational networking, while not specifically developed for inbound internationalization, enables SMEs to ensure the continuous provision of services, thus mitigating the shortages in the regular supply chain:

Networks in our region are quite useful to have sufficient stock of products. In Punta Arenas [extreme south of Chile], many products are frequently not available because we are located too far away from Santiago. Therefore, when you run out of stock, you have to acquire them from different local suppliers. (R. 12, Case L)

While these capabilities are operational in nature, they also contribute to allowing SMEs to rapidly adapt to the changes required by foreign customers (Hadjimarcou et al., 2017; Otengei et al., 2017), thus enhancing the whole travel experience for them.

In sum, networking capabilities complement managerial capabilities, as they contribute to inbound internationalization, with customer attraction being at the core. Operational network capabilities support the regular activities of the company, from which foreign tourists also benefit, while dynamic networking capabilities help to gain initial access to foreign customers and allow SMEs to offer diversified services beyond their own services (Chetty et al., 2018), thus enhancing foreign customers' experience. Thus, we suggest the following:

Proposition 2 (P2): Inbound internationalization, particularly related to the provision and diversification of services and attracting foreign customers, is driven by dynamic network capabilities, such as networking within the tourism sector and proactive international networking, and is supported by operational capabilities, such as regional interorganizational networking, which ensure the quality and continuity of service provision.

Marketing capabilities

Although SMEs might offer services that meet the preferences of foreign customers, they are less likely to reach foreign customers effectively without strong marketing skills. Our study reveals that internet marketing (Bianchi & Mathews, 2016) and the adaptation of customer service to foreign customers' expectations are dynamic capabilities that are crucial for attracting and satisfying this target market. Inbound internationalization is also facilitated by operational capabilities, such as branding and integrated communication and advertising.

Marketing communications are very important to attract foreign customers! Previously, we were not involved in technology because my dad is not very technologically-minded. When I arrived, we started using the Facebook business platform, which helped us to attract foreign customers and receive ratings from them. (R. 15, Case N)

Respondents recognized the importance of digital marketing and customer support for attracting foreign customers, particularly by engaging with specialized internet-enabled platforms (for example, Booking.com, TripAdvisor.com) and general social media (for example, Facebook.com and Instagram.com). They also highlighted the importance of internet marketing capabilities for keeping up with rapid changes in the environment and accessing foreign clients (Teece, 2018).

Furthermore, the interviewees stressed the salience of the adaptation of customer service to foreign customers' expectations, to enhance their travel experience. Consistent with previous research (Bianchi, 2018), managers take pride in their ability to provide personalized services to foreign tourists, and this supports their inbound internationalization efforts:

We attract and retain foreign clients because we provide an experience that is completely different from other agencies. We organize games, which other agencies do not do. This is our differentiating element and customers feel they have a unique experience. (R. 2, Case B)

Two other capabilities are identified: branding and integrated communication and advertising capabilities. We consider these as operational capabilities, since they are equally valuable for domestic customers. Their main role is to increase customers' awareness of the existence and the quality of the services offered by SMEs (Hlee et al., 2018). They also help SMEs to identify opportunities from dynamic networking capabilities (Teece, 2016).

Unlike most of our competitor transportation companies, which are very busy or informal, our staff wear uniforms because we wanted to offer a formal brand image that conveys more confidence in our transport business. (R. 5, Case D)

Integrated communication and advertising allows managers to inform customers about their brand and the services they provide as well as to integrate customers' feedback:

We cannot wait for customers to arrive. We have to attract them and know where they are and what they want. However, we do not promote something that we cannot fulfill. We advertise an image and message that is real, authentic, and not misleading. We also try to understand what our customers want and what satisfies them. (R. 13, Case M)

In sum, marketing capabilities contribute to attracting and satisfying foreign customers. They complement managerial and network capabilities, since they help toward increasing travelers' awareness of the services offered as well as the provision of cross-cultural customer services and personalized travel experiences, which contribute significantly to satisfying foreign customers. Hence, we propose the following:

Proposition 3 (P3): Inbound internationalization, particularly related to increasing awareness of the services provided and enhancing travel experience, is driven by dynamic capabilities: namely, internet marketing and the adaptation of customer service to foreign customers' expectations, and supported by operational capabilities, such as integrated communications and advertising and branding.

Innovation and technological capabilities

Our empirical data revealed that dynamic capabilities, namely ecological and sustainable innovation and digital platform investment and use, are vital for attracting and satisfying foreign customers. Innovation in service provision helps to facilitate inbound internationalization.

Ecological and sustainable innovations address the expectations of foreign customers regarding green products and sustainability (Leonidou et al., 2016):

We have been trying to become greener for many years. In our hotel, the hot water comes from solar panels, among many other things. Europeans expect you to behave responsibly, and they expect us to recycle. Europeans expect us to behave as a responsible company. Therefore, in this company, it is mandatory to recycle everything. (R. 20, Case T)

Digital platform investment and use (Mathews et al., 2016) is particularly relevant for attracting and improving the experience of foreign customers:

Having a web page that allows all types of payment has been important for us because previously, our foreign customers complained that they wanted to make a payment online, but they could not. Now they have the possibility to do so. (R. 3, Case C)

Technology is super-important in this business. We work with booking online platforms, such as Expedia.com. They provide us with an application that allows us to manage our reservations online. You also need staff that know how to handle these platforms to avoid problems and customer cancellations. (R. 16, Case 0)

Furthermore, the interviews revealed that by incorporating innovation in service provision, firms are able to attend to their customers' needs, be they from the domestic or foreign markets:

We need to innovate not only in technology but also in the service offering and delivery, such as extending breakfast hours or checkout times. You need to differentiate from the rest of the hostels to attract customers who are looking for something different. (R. 19, Case S)

Innovation capabilities complement other capabilities to drive inbound internationalization. For example, they provide the infrastructure (internet capabilities, sustainable energy production) to allow the other capabilities to develop and to attract and satisfy foreign customers. Thus, we advance the following proposition:

Proposition 4 (P4): Inbound internationalization, particularly related to meeting the expectations of foreign tourists, is driven by dynamic innovation/technological capabilities, such as ecological and sustainable innovation and investment in and use of digital platforms, and is supported by innovation in service provision.

Based on the data analysis, a capabilities model of SME inbound internationalization is proposed in Figure 2.

Insert Figure 2 here

This model summarizes the main managerial and organizational dynamic and operational capabilities (network, marketing, and innovation/technology) that assist SME inbound internationalization. We also compared the cases from the different regions of Chile, different degrees of inbound internationalization, and different business types, but they did not yield noteworthy differences regarding managerial and organizational dynamic and operational capabilities. Only subtle differences were found between accommodation providers and travel agents concerning network capabilities, since the latter firms require a larger base of networks.

Discussion and conclusions

The objective of this research was to investigate the managerial and organizational capabilities that enable inbound internationalization and to understand how these capabilities complement each other to influence outcomes. We identified eight dynamic capabilities that drive inbound internationalization and four operational capabilities that support it. We show that managerial and organizational capabilities are complementary, as they contribute in distinct ways to inbound internationalization. Managerial dynamic capabilities, such as international strategic management skills and acting as a role model/team mentor, are relevant for identifying and addressing opportunities in new foreign markets as well as setting the strategic path for the SME. Owner-managers play an important role in mentoring and empowering employees to deal with foreign customers. We thus corroborate the importance of managerial capabilities previously underlined by the inbound internationalization research (Turunen & Nummela, 2017). In a similar vein, we unveil the relevance of dynamic networking capabilities for inbound internationalization. Specifically, networking within the tourism sector in the domestic market and proactive international networking are crucial for diversifying the services offered to foreign customers. Without such capabilities, it would be difficult to attract and satisfy foreign customers.

We bring further support to prior findings in the inbound internationalization research by underscoring the role of marketing and innovation capabilities (Bianchi, 2010; Otengi et al., 2017; Turunen & Nummela, 2017). Dynamic marketing capabilities, such as internet marketing and the adaptation of customer service to foreign customers' expectations, are relevant for increasing awareness of the services provided and for enhancing customers' travel experience, while dynamic innovation/technological capabilities, such as ecological and sustainable innovation and investment in digital platforms, are particularly useful for meeting the expectations of foreign tourists. These, in turn, lead to improved foreign customer satisfaction, thus helping to address the opportunities identified. Taken together, these managerial and organizational capabilities enable SMEs to achieve inbound internationalization by attracting customers from foreign markets and adapting to rapidly changing environments (Teece, 2016).

Certain operational capabilities needed for the delivery of services to domestic customers play their part in facilitating inbound internationalization. For example, managers use their knowledge and skills derived from education/training and experience to run the domestic business day by day (Cahen et al., 2016; Freixanet et al., 2018). These operational capabilities serve as the basis for the development of dynamic capabilities for inbound internationalization. Similarly, SMEs ensure the continuity of services to foreign and domestic customers by using interorganizational networks from the domestic market (Boehe, 2013). Further, operational

marketing capabilities are instrumental in providing high quality service and operational innovation capabilities to tailor services according to customers' preferences (Otengei et al., 2017).

Importantly, our study also identified a few capabilities that appear to be specific to inbound internationalization. In particular, there is an emphasis on team effort and a community mindset within the tourism sector, and particular importance is given to the adaptation of services to the preferences and expectations of foreign customers. Different to outward internationalization, inbound internationalization requires an inclusive team effort, where managers and employees have to be knowledgeable about foreign customers' preferences and language to fulfill their expectations. They also underscore the significance of embracing a horizontal organizational structure, where employees are typically empowered to make decisions. The simultaneity of production and consumption in tourism services (Rammal & Rose, 2014), where not only managers, but also employees are in direct and ongoing contact with foreign customers, may be responsible for this approach. Conversely, this could also result from the core values of the firm, rooted in an all-encompassing organizational culture and close-knit ties between managers and staff, which are commonly found in emerging market SMEs (Hughes & Mustafa, 2017). Such united teams recognize the importance of inbound internationalization for their firms, and they combine their efforts to boost the attraction and retention of foreign customers.

Similarly, at the network level, respondents highlighted the importance of cooperating with other competitor firms in the domestic market (Wu, 2014) to attain their shared goal of enhancing inbound internationalization. Compared to outward internationalization, where managers and firms generally tend to embark on individual international activities, SME managers are inclined to embrace a collective mentality in their pursuit of inbound internationalization. This could be explained by the collaboration required by domestic market SMEs to provide a high-quality integral service. Thus, we find that inbound internationalization requires the development of local clusters of supporting companies and infrastructure (Porter & Kramer, 2019).

Furthermore, these firms take the adaptation of services to the foreign customers' expectations very seriously. Such is its importance that managers invest significant financial and social capital in attracting foreign customers and engage in long-term innovation processes to ensure that they meet their foreign customers' expectations. Managers stress the importance of incorporating cultural heritage aspects and local experiences into their services (Dai et al., 2019; MacNeill & Wozniak, 2018; Yousaf & Xiucheng, 2018) in order to satisfy foreign customers, and they deliver such services to enhance inbound internationalization.

As shown by our analysis, inbound internationalization is influenced by a unique combination of managerial, networking, marketing, and innovation/technological capabilities. While, not surprisingly, these generic capabilities (managerial, networking, marketing, and innovation/technology) exist in the outward internationalization studies, our study discloses a few aspects of these capabilities that appear to be typical for inbound internationalization. At the same time, the specific combinations of managerial/organizational capabilities on the one hand, and dynamic/operational capabilities on the other, have not previously been identified (Eriksson, 2014). These capabilities complement each other by contributing in different ways to drive inbound internationalization as well as to diminish the liabilities encountered by SMEs in these efforts.

Networking helps to decrease the liabilities of smallness (Aldrich & Auster, 1986) by enabling access to resources beyond the firm boundaries, and thus ensures the continuity and provision of services to foreign customers. When performing inbound internationalization, SMEs do not face “pure” liabilities of foreignness (Zaheer, 1995), since they do not encounter difficulties related to unfamiliarity with the host country’s economic, political, and logistical factors typical of outward internationalization. However, additional challenges may exist, since the firm may not be familiar with the needs and culture of foreign customers. Managerial, marketing, and innovation/technological dynamic capabilities help to reduce the unfamiliarity of the SME with foreign customers by enabling firms to collect and process information about these customers’ needs and interests. Furthermore, they also enable foreign customers to become aware of and have access to the services provided by the SME. Thus, capabilities work in tandem to reduce liabilities and enhance the experience for foreign customers.

Unlike many studies on outward internationalization, which report that SMEs tentatively start internationalizing by sporadically using a low-commitment foreign market serving mode, various capabilities show that the owner-managers interviewed in this study systematically demonstrate commitment to and deep care for the sustainability of their inbound internationalization. In fact, some of their choices appear to revolve around foreign customers as a prime target market. This could be a result of the lower risks entailed by inbound internationalization compared to outward internationalization, since no extra logistical or relocation expenses are needed. It could also signal that managers perceive that by making changes to meet the expectations of foreign tourists (green energy sourcing, recycling), they would benefit in multiple ways. In the short-term, they are in a better position to attract foreign tourists. In the medium to long-term, such transformations can appeal to the domestic customers as well as drive cost savings. Further, attracting foreign customers decreases the dependency on domestic customers.

Contributions

This study makes three contributions. First, it contributes to the SME internationalization literature by increasing understanding of the role of managerial and organizational capabilities in inbound internationalization. Our study identified eight distinct dynamic capabilities that jointly drive inbound internationalization: international strategic management skills, acting as a role model/team mentor, networking within the tourism sector, formal networking for service diversification, internet marketing, adaptation of customer service to foreign customers’ expectations, ecological and sustainable innovation, and investment in and use of digital platforms. While some of these capabilities have been previously identified as relevant for outward internationalization studies, the particular combination of capabilities for inbound internationalization has not been recognized. Hence, we highlight a phenomenon that, despite its importance for SMEs and local communities, has received scarce research attention. Our study discloses a few differentiating features compared to outward internationalization. Specifically, inbound internationalization appears to be characterized by an enhanced commitment to attracting foreign customers, as shown by most managerial capabilities, with emphasis placed on team effort, community mindset, and the adaptation of services to foreign customers’ expectations. Thus, we add to the emerging literature on inbound internationalization (Bianchi, 2011; Turunen & Nummela, 2017). Second, we contribute to the capability perspective in an international business context by showing how managerial and multiple organizational capabilities complement each other to attain performance-related outcomes. Furthermore, we show that a mix of operational and dynamic organizational

capabilities is necessary for SME inbound internationalization. This supports calls for research to enrich our understanding of the relationship between managerial and organizational capabilities and their effect on organizational performance (Eriksson, 2013, 2014; Helfat & Peteraf, 2015). Finally, this study contributes to the scant literature on SME internationalization in Latin America (Bianchi et al., 2017) by introducing an inbound approach to internationalization.

Managerial implications

This study provides relevant recommendations for practice. SME owner-managers should acknowledge the importance of operational capabilities but be mindful that while such capabilities are necessary, they are not sufficient for inbound internationalization. To successfully achieve inbound internationalization, managers should cultivate specific dynamic managerial (for example, strategic management skills) and organizational capabilities directly targeted at attracting and satisfying customers from new foreign markets. Owner-managers interested in inbound internationalization must be market-oriented and should have a thorough understanding of each individual international target market to develop appropriate communication strategies and provide a specific offering for the market. In addition, owing to the competitive nature of the international marketplace for the service sectors under analysis, providing a high-quality service with international standards is essential to attract foreign consumers, achieve a good reputation, and generate word-of-mouth recommendations. Thus, key service staff need to develop strong relationship-building skills, as well as cultural sensitivity, to manage challenging situations with foreign customers.

Limitations and future research

This study has a few limitations. First, our sample is cross-sectional, therefore, we encourage future researchers to conduct longitudinal studies to enhance the understanding of inbound internationalization and the dynamic capabilities that underpin it. Second, our sample comprises SME managers. An interesting extension to this research could be to examine inbound internationalization from the perspective of the foreign customer. Third, given the qualitative nature of this study, we cannot generalize its findings. However, we note that other tourism and hospitality SMEs in Latin America may find similar capabilities useful for inbound internationalization. We encourage scholars to conduct studies in other geo-economic settings, drawing on the foundations set by this study. Future research could also focus on exploring additional inbound internationalizing sectors, such as education and health care, and replicate this study in other markets.

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Figure 1: Coding Structure

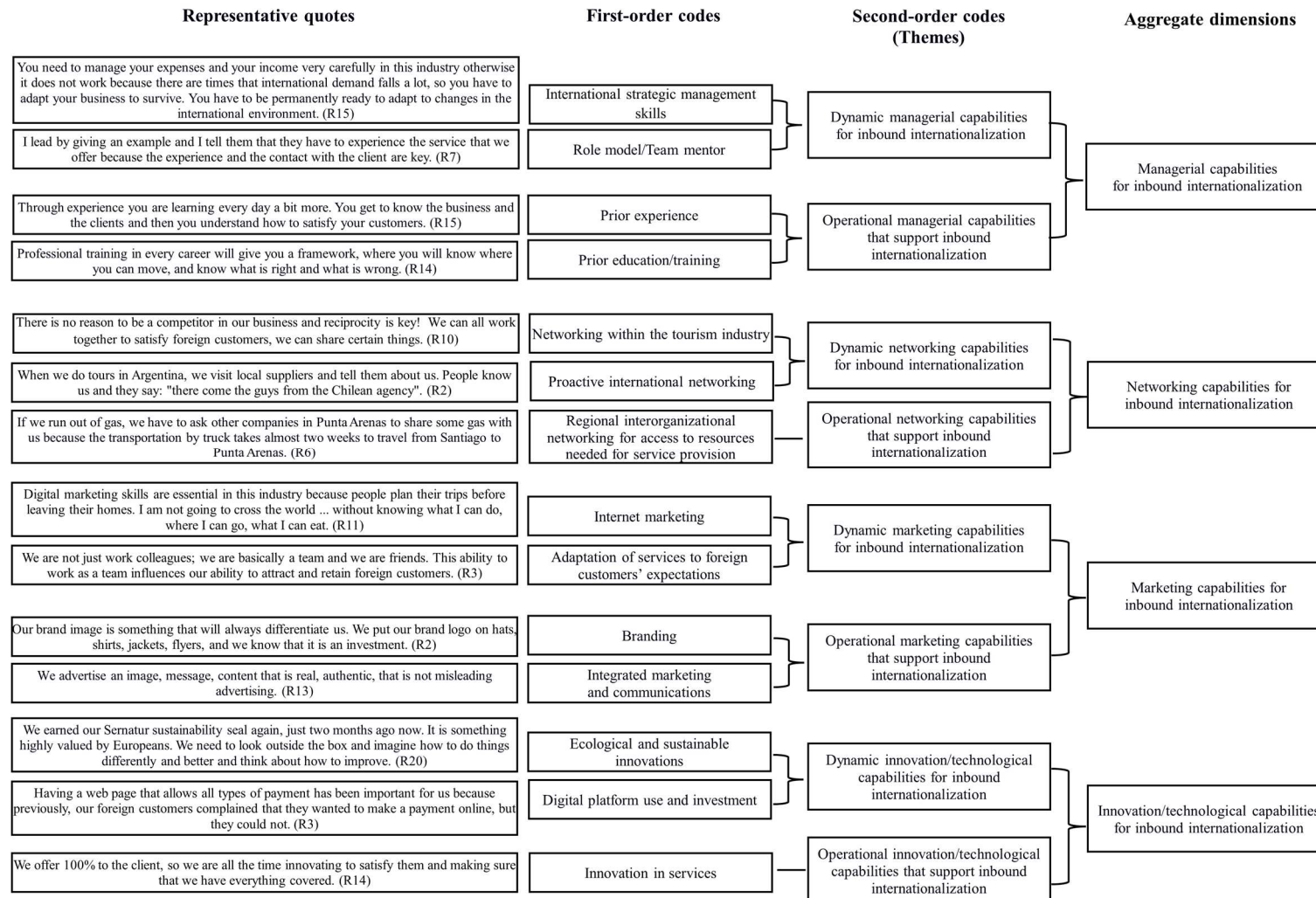


Figure 2: Capabilities Framework for SME Inbound Internationalization

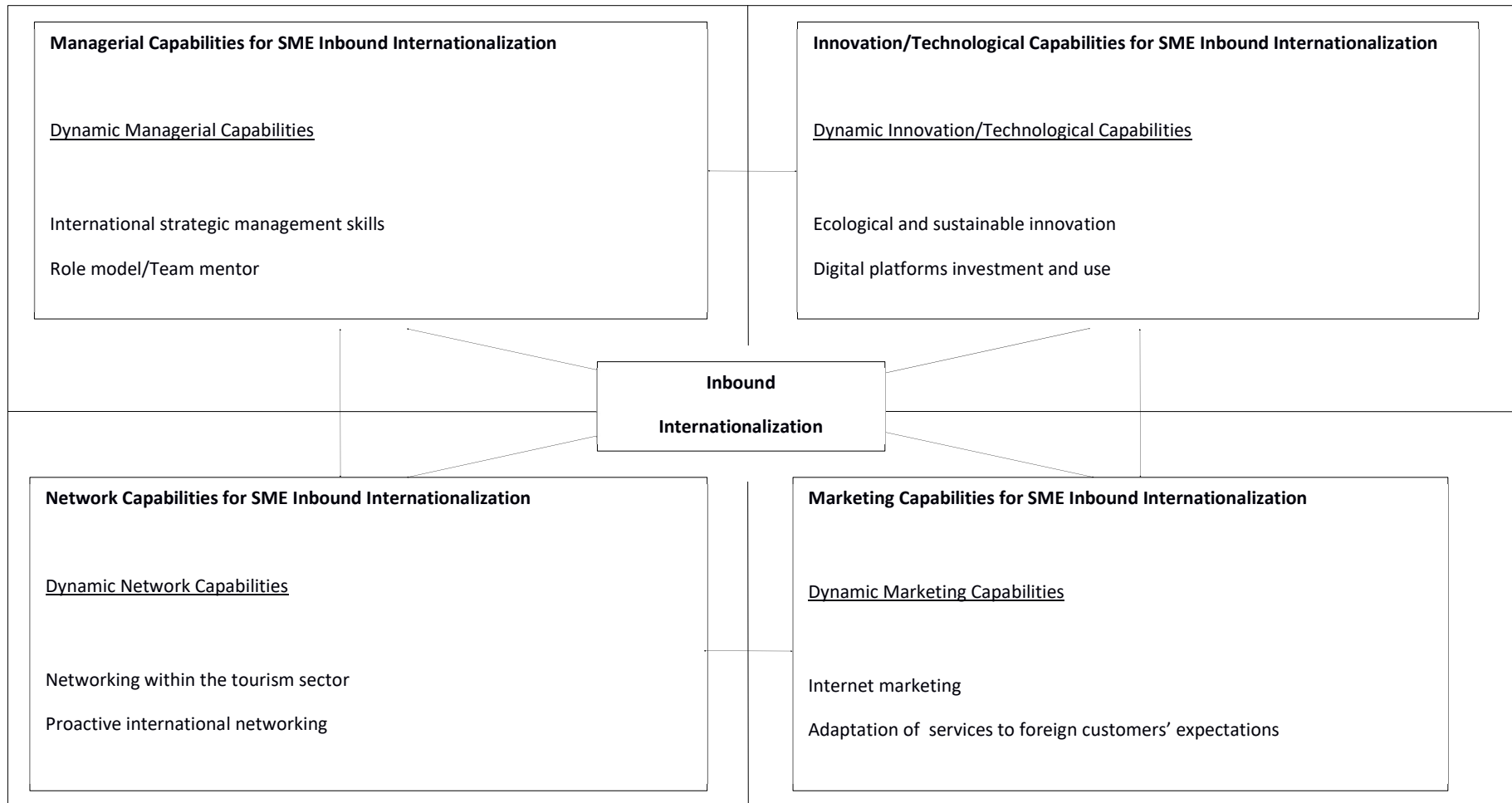


Table 1: Examples of Managerial and Organizational Capabilities in SMEs' Outward Internationalization

Article	Aim	Managerial Capabilities	Networking Capabilities	Marketing Capabilities	Technological & Innovation Capabilities	International Output	Main Results
Zhou et al. (2010)	Enhance understanding of learning advantages of newness related to performance advantages of newness by considering the mediating effect of knowledge and network capability upgrading.	Knowledge capability upgrading	Network capability upgrading			International performance	Knowledge and network capability upgrading mediate the relationship between entrepreneurial proclivity and performance advantages of newness of international new ventures.
Eberhard and Craig (2013)	Examines the relationship between interpersonal and interorganizational networking, export intensity, and family ownership.		Interpersonal and interorganizational networking			Export intensity	Interpersonal and interorganizational networking positively influence international market venturing. However, this relationship is contingent upon a time lag effect.
Yi et al. (2013)	Investigates the impact of innovation capabilities on exporting, taking into account the role of institutional forces.				Innovation capabilities	Export performance	The relationship between innovation capabilities and export performance is contingent upon the institutional context where it is embedded. Furthermore, foreign ownership, business group affiliation, and the degree of marketization of the region where the firm is active moderate the influence of firm capabilities on export performance.
Sui, Morgan, & Baum (2015)	Investigates the influence of migrant ownership and the moderating role of native language on companies' export decisions related to market selection.	Language skills of the manager				Export market selection	Immigrant SMEs appear to be more globally oriented than their non-immigrant counterparts, and native language plays an important role for such choices. The internationalization strategy of immigrant-owned SMEs depends on the linguistic match between the immigrant entrepreneur and the foreign country/region considered.
Yan et al. (2016)	Analyzes the relationship between managerial ties and export performance, considering the moderating effect of market orientation.		Managerial ties			Export performance	Managers' increased international cognitive social and human capabilities drive the ability of firms to select and implement appropriate international strategies, particularly related to entry mode choice and geographical dispersion of activities.

Mathews et al (2016)	Investigates how and why the internet, understood as a resource and marketing capability, can drive SMEs' international market growth.			Internet as a marketing capability (international strategic orientation and network capabilities)		International market growth	Internet marketing capabilities increase the ability of the firm to develop other international capabilities, which, in turn, positively affect SMEs' international market growth.
Pham et al. (2017)	Examines the influence of relational capabilities and marketing capabilities on export performance.		Relational capability	Market capability		Export performance	Relational capability is the strongest predictor of export performance. Relational capabilities as a mediator strengthen the relationships between multiple marketing capabilities (export pricing capability, marketing intelligence capability, and marketing intelligence capability) and export performance.
Silva et al. (2017)	Investigates the extent to which breakthrough innovations, understood as technological innovations and marketing innovations, positively affect economic and strategic export performance.				Breakthrough innovation (technological innovations and marketing innovations)	Economic and strategic export performance	Technological innovation positively influences economic and strategic export performance. This relationship is strengthened by the human capital availability and exporters' increased orientation toward the importer. Market innovation is negatively related to strategic export performance, since it requires learning by importers. The findings suggest that collaboration between exporters and importers would enhance value creation in terms of both technological innovation and marketing, thus driving export performance.
Gregory et al. (2017)	Investigates the influences of e-commerce marketing capabilities on exporting.			E-commerce marketing capabilities		Export venture e-commerce performance	Specialized e-commerce marketing capabilities enhance firms' distribution and communication efficiency, which, in turn, drives increased export venture market performance.
Turunen and Nummela (2017)	Studies how location-bound service SMEs internationalize.	Entrepreneurial capabilities				Internationalization	The essential dimensions for internationalization of location-bound Finnish SMEs are their resource base, their network and its embeddedness, and their entrepreneurial capabilities: specifically, entrepreneurs' language skills, global mindset and cultural awareness.
Chetty et al. (2018)	Investigates how opportunities are discovered/created and connected in the context of foreign market entry of small internationalizing firms.	Entrepreneurial capabilities	Network capabilities			Opportunity recognition the context of foreign market entry	Shows how network, entrepreneurial capabilities, and knowledge enable opportunity discovery and creation related to foreign market entry. A model and research propositions are developed, showing the relationship between opportunity discovery and creation and the role of knowledge, entrepreneurial, and network capabilities in connecting the two.

Bodlaj et al. (2018)	Examines the impact of different innovation types as well as financial constraints and geographic diversification on the export growth of SMEs.				Organizational, product and marketing innovation capabilities	Export growth	Organizational, product and marketing innovation capabilities are key for export growth. Organizational innovation indirectly enhances export growth through product and marketing innovation capabilities. Marketing innovation capabilities are beneficial when diversifying geographically.
Efrat and Asseraf (2019)	Investigates the role of emotional branding for the performance of born globals.			Branding		International performance	Emotional branding significantly influences born globals' performance. Functional branding drives firm innovativeness, but it does not significantly influence international performance.
Kaleka and Morgan (2019)	Studies the influence of marketing capabilities and current market performance on the efficiency and market differentiation of internationalized firms' intentions in international markets.			Marketing capabilities (customer relationship, informational product development)		Intentions in international markets	Marketing capabilities play an important role for the future strategic intentions in international markets, more so than current market performance. The ability to develop and sustain good customer relationships drives the acquisition of valuable market information, which, in turn, influences the strategic intentions of firms which have strong product development capabilities.
Pyper et al. (2020)	Studies the impact of international strategic brand management on export performance in the B2B setting.			International market information capabilities, international branding capabilities, international marketing planning capabilities		Export performance	Branding capabilities and marketing planning capabilities lead to effective strategic brand management, which, in turn, enhances export financial and export market performance.
Faroque et al. (2021)	Studies the micro foundations of network exploration and exploitation capabilities on international opportunity recognition.	Prior international experience	Network exploration and network exploitation capabilities			International opportunity recognition	Prior international experience of founders represents a significant micro foundation of network capability in international opportunity recognition. However, network exploration and exploitation do not seem to lead to recognizing new opportunities in changing market environments. At a higher level of market change, younger firms benefit more from network exploration, while network exploitation is more favorable to more mature firms.

Table 2: Cases and Respondent Characteristics

Case	Business	Business Type	Location	Region	Resp.	Job Description	Gender	% Foreign customers
A	Hotel	AC	Puerto Natales	S	1	Commercial Manager	Female	90%
B	Tour Operator	OP	Valparaíso	V	2	Marketing Manager	Male	25%
C	Tour Operator	OP	Valparaiso	V	3	Sales Manager	Female	25%
D	Travel Agent	OP	Biobío	S	4	Commercial Manager	Male	80%
E	Tour Operator	OP	Concon	V	5	Owner	Female	40%
F	Tour Operator	OP	Valparaíso	V	6	Owner	Female	90%
G	Hostel	AC	Providencia	RM	7	Owner	Male	35%
H	Hostel	AC	Providencia	RM	8	Commercial Manager	Male	80%
I	Tour Operator	OP	Cajon Maipo	RM	9	Owner	Female	30%
J	Tour Operator	OP	Santiago	RM	10	Owner	Female	50%
K	Hostel	AC	Maitencillo	V	11	Manager	Male	70%
L	Hotel/ Restaurant	AC	Punta Arenas	S	12	Manager	Male	50%
M	Hostel	AC	Viña del Mar	V	13	Manager	Female	25%
N	Tour Operator	OP	Santiago	RM	14	Marketing Manager	Male	30%
O	Hotel	AC	Olmué	V	15	General Manager	Male	40%
P	Hotel	AC	Santiago	RM	16	Owner	Male	80%

Q	Hotel	AC	Castro	S	17	Owner	Male	75%
R	Travel Agency	OP	Puerto Natales	S	18	Owner	Male	90%
S	Hostel	AC	Olmué	V	19	Owner	Female	70%
T	Hotel	AC	Santiago	RM	20	General Manager	Female	65%
U	Travel Agency	OP	Castro	S	21	Commercial Director	Female	95%
V	Tour Operator	OP	Puerto Natales	S	22	General Manager	Male	100%
W	Hostel	AC	Pucón	S	23	Owner	Male	80%
X	Tour Operator	OP	Santiago	RM	24	Owner	Male	60%
X	Tour Operator	OP	Santiago	RM	25	Owner	Female	60%

Region: RM= Metropolitan Region / V =Central region / S= Southern region

Business type: AC = Accommodation / OP= Operator-Agency