

Tackling the microfoundations in international entrepreneurship: Networking as entwined practices

Abstract

Research in international entrepreneurship still lacks empirical evidence on the microfoundations of the development of networking capability, which is crucial to the success of international new ventures. The authors apply a practice theoretical framework, based on Sandberg and Tsoukas (2011), to the longitudinal analysis of the practice “participating in industry events” in an international new venture. The article thereby makes two contributions to international entrepreneurship research. First, it provides an empirical, contextualized explanation of networking capability development, as increasingly called for by international entrepreneurship scholars. Second, it illustrates how a practice approach can help understand the underpinnings of organizational capabilities.

Keywords: networking capability development, international entrepreneurship, microfoundations

INTRODUCTION

Networks and networking have been core concepts in International Entrepreneurship (IE) from the very beginning (e.g., Coviello & Munro, 1995; Oviatt & McDougall, 1994). Posterior research called attention to networking capability (Mort & Weerawardena, 2006), as ultimately the existence of a network is less important than its use. Capabilities are organizational-level constructs, and IE has predominantly researched new organizations built by individual entrepreneurs. For this reason, the development of networking capability and other capabilities during the simultaneous process of organizational emergence and internationalization, which has been termed entrepreneurial internationalization (Jones, Coviello, & Tang, 2011), has also aroused considerable interest (Weerawardena, Mort, & Liesch, 2019; Weerawardena, Mort, Liesch, & Knight, 2007). Considering the central role of the entrepreneur in IE, there has naturally been a significant cross-fertilization from the microfoundations perspective on capabilities and dynamic capabilities (Nguyen & Mort, 2020).

However, there is still scant empirical evidence on the microfoundations of networking capability development in IE, perhaps due to the need for longitudinal in-depth studies. This is in line with a general lack of process studies at the individual level in IE. Most research at the individual level looks at entrepreneurial characteristics as static antecedents, while process studies generally remain at the firm level (Lamb, Sandberg, & Liesch, 2011). Furthermore, research under the label of microfoundations has often been criticized for excessive methodological individualism (Barney & Felin, 2013), giving primacy to causal explanations that explain the macro as outcomes of the micro, without considering reverse influences. This is particularly relevant for an inherently relational and embedded phenomenon like networking, which especially in IE requires contextualized explanations (Kahiya, 2020; Welch, Piekkari, Plakoyiannaki, & Paavilainen-Mäntymäki, 2011).

Our purpose in this paper is therefore two-fold. On the one hand, we want to answer the research question: How does networking capability develop during entrepreneurial internationalization? On the other hand, we want to illustrate how and why a practice perspective (Langley, Tsoukas, Nicolini, & Monteiro, 2016) can help us gain a better understanding of microfoundations in IE. Practice approaches bridge micro and macro through the concept of recurrent practices and allow for the integration of “context” into the analysis. We apply a practice theoretical framework to analyze the focal practice of “participating in industry events” in an international new venture (INV) longitudinally, illustrating the microfoundational development of networking capability in the organization in conjunction with other practices. Our article makes two main contributions to IE and microfoundations

research. On the one hand, we provide an empirical, contextualized explanation of networking capability development. On the other hand, we illustrate the application of a practice theoretical framework, based on Sandberg and Tsoukas (2011), to achieve an in-depth understanding of a concrete practice underpinning an organizational capability.

We first present a short literature review of networking, microfoundations and practice approaches, before explaining the methodology, findings, discussion, and conclusion.

LITERATURE REVIEW

Networking in International Entrepreneurship

Networking, or the use of networks, has been a key concept to explain internationalization for decades, and continues to be topical in International Business (IB), as the recent special issue in the Journal of International Business Studies demonstrates (Cuypers, Ertug, Cantwell, Zaheer, & Kilduff, 2020). Johanson and Vahlne (2009) acknowledged the importance of networks for internationalization by updating the Uppsala or process model of internationalization, underlining the necessity for firms to overcome the liability of outsidership to a network when internationalizing, and highlighting the activities of learning, creating and trust-building in the process. The concept of networks has often been used metaphorically and with different meanings in IB and IE (Bell, McNaughton, Young, & Crick, 2003; Cuypers et al., 2020), referring indistinctly to personal or inter-firm networks. We therefore adopt the following more encompassing definition of a network: *“a collection of relationships between the international new venture (and/or its’ entrepreneurs) and different external independent partners, which can be of all possible types such as formal, informal and intermediary.”* (Sedziniauskiene et al., 2019, p. 782)

In IE, networking has been a critical concept from the very inception of the field (Coviello & Munro, 1997, 1995; Oviatt & McDougall, 1994). Two recently published systematic literature reviews on networking (Bembom & Schwens, 2018; Sedziniauskiene et al., 2019) summarize the extant literature very well and are synthesized as follows in this paragraph. Usually, networks have been found to be important to knowledge acquisition and organizational learning, to be resource providers, to allow opportunity recognition, and to influence internationalization strategy and decisions, such as markets and entry modes chosen. The focus on networking in IE is mostly on formal relationships, the positive role of networks, and often, a cross-sectional approach is employed – despite the fact that the impact of a network changes over time, and that the network itself is developed during the process of entrepreneurial internationalization. Therefore, recent calls for future research have often identified the need

for longitudinal studies to understand the dynamics of networks and networking during the internationalization process.

Related to networking in IE is the concept of networking capability. As Prashantham et al. (2019, p.6) remark, congruent with other views (Schweizer, 2013), the ability to leverage the entrepreneur's network is ultimately more crucial than the prevalence of a network per se. The entrepreneur needs capabilities to leverage his or her network for internationalization. Borrowing from Winter (2003) and applying practice theoretical constructs explained further on, we define networking capability as *“a high-level practice (or collection of practices) that, together with its enabling resource commitments, enables the organization, through its practitioners, to reliably relate to external actors in order to achieve organizational goals”*. Note that capabilities are organizational level constructs. Networking capability has been conceptualized as consisting of four dimensions (Walter, Auer, & Ritter, 2006): coordination, relational skills, market knowledge and internal communication.

In IE, networking capability has been established as important for performance (Solano Acosta, Herrero Crespo, & Collado Agudo, 2018) and early internationalization (Weerawardena et al., 2007). Many underlying mechanisms of networking capability, such as how this organizational capability is developed over time, are still unclear. Mort and Weerawardena (2006) have provided one of the first empirical investigations into this networking capability development, while others (Nguyen & Mort, 2020; Prashantham et al., 2019) have focused conceptually on how the microfoundations of network-building and capability development in INVs or BGs can help us understand early internationalization. Since much of the research in this vein has been labeled microfoundations, we provide a brief overview here.

Microfoundations in International Entrepreneurship

The research stream referred to as microfoundations can be understood as a way of thinking that seeks to *“unpack collective concepts to understand how individual-level factors impact organizations, how the interaction of individuals leads to emergent, collective, and organization-level outcomes and performance, and how relations between macro variables are mediated by micro actions and interactions.”* (Felin et al., 2015, p. 576)

This approach has become popular within the last two decades in organization, management, strategy, and IB research (Contractor, Foss, Kundu, & Lahiri, 2018; Devinney, 2013; Foss & Pedersen, 2014). It holds that our extant explanations and theories at the organizational level are incomplete without a concrete identification of the underlying micro-level mechanisms. Microfoundations research has looked especially closely at the processes, procedures,

systems and organizational structures that undergird dynamic capabilities (Teece, 2007), organizational routines and capabilities (Abell, Felin, & Foss, 2008; Salvato & Rerup, 2011), capability development (Gavetti, 2005; Helfat & Peteraf, 2003; Prashantham & Floyd, 2012), networks and network dynamics (Ahuja, Soda, & Zaheer, 2012), IB (Contractor et al., 2018; Foss & Pedersen, 2019; Kano & Verbeke, 2019; Vahlne, 2019) and also born-global (BG) internationalization (Nguyen & Mort, 2020). IE research has, since its inception, placed a major emphasis on the role of the entrepreneur and his skills, decisions, networks, and competences at the personal level, and therefore has a natural affinity with the microfoundations perspective. However, these entrepreneurial characteristics are usually described and researched in an exclusively static way. Work that tracks the development of the initial skill and network endowments of the entrepreneur longitudinally, as well as how they relate to organizational developments such as capabilities changes, is sorely lacking (Verbeke, Amin Zargarzadeh, & Osiyevskyy, 2014). Nguyen and Mort (2020) recently recommended longitudinal studies observing the development of firm's capabilities over time, which is the objective of this article.

The microfoundations perspective described here is not without critics (for an overview, see Barney & Felin, 2013; Felin et al., 2015). One major criticism of microfoundations is that it relies heavily on methodological individualism (for a discussion, see Abell et al., 2008; Felin & Foss, 2009), with most of the explanations using a causal arrow pointing from the micro to the macro level, without sufficiently accounting for an inverse influence of the macro to the micro. In some cases, this might be a justified methodological choice. In others, it might lead to a bias. This is certainly the case when a phenomenon is heavily influenced by relations and social norms, such as networking. To understand the microfoundations of networking, it is necessary to account for the macro-level contextual factors that enable and constrain individual agency, which is a fundamental position of the practice perspectives we describe below.

Practice perspectives

In the last decades, practice approaches in the study of organizations and management have become widespread within the so-called “practice turn” in the social sciences (Langley & Abdallah, 2011; Nicolini, 2012; Whittington, 2006). This turn draws on diverse theoretical origins from sociology and philosophy (Bourdieu, 1977; Giddens, 1984; MacIntyre, 2007; Reckwitz, 2002; Schatzki, 2005), which are connected through the centrality of the concept *practice*. These theories have been insightfully used to study institutions (Smets, Aristidou, &

Whittington, 2017), entrepreneurship (Gartner, Stam, Thompson, & Verduyn, 2016; Keating, Geiger, & McLoughlin, 2014), strategy (Golsorkhi, Rouleau, Seidl, & Vaara, 2015), organizational learning and knowledge (Gherardi, 2001, 2015), routines (Feldman & Pentland, 2003; Feldman, Pentland, D'Adderio, & Lazaric, 2016), and others. The following description of practice perspectives draws heavily on the literature of strategy as practice (SAP) (Golsorkhi et al., 2015), since it is most pertinent to the development of capabilities. Investigation at the intersection of strategy as practice and capabilities perspectives or microfoundations has repeatedly been called for both from prominent scholars working on microfoundations (Barney & Felin, 2013) and SAP (Vaara & Whittington, 2012). SAP is usually portrayed as seeking to open the black box of strategy-making. It is an approach that considers strategy not as a property of organizations, but an activity of its members, and to focus on the study of practices, praxis and practitioners (Golsorkhi et al., 2015; Jarzabkowski, Balogun, & Seidl, 2007; Whittington, 2006). In line with Whittington (2006), *praxis* is understood here as what people do, actual activities. *Practitioners* are the actors that perform these activities and are carriers or bearers of practices. *Practices* are “shared routines of behaviour, including traditions, norms and procedures for thinking, acting and using things” (Whittington, 2006, p.619).

Feldman and Orlikowski (2011) distinguish insightfully between three different approaches to apply a practice perspective or lens in organization and management studies - empirical, theoretical, and philosophical. The empirical approach recognizes the centrality of human actions and has significant similarity with the microfoundations research stream. Its focus is mainly on the *what* of people's actions. The theoretical approach uses a practice perspective to answer the *how* - providing explanations of the dynamics of activities over time and in certain contexts. The philosophical approach answers the *why* question and takes the ontological position that the social world is constituted by interwoven practices. We argue that using at least the second, theoretical approach is useful in IE for the following four reasons.

First, central to practice theories is that they describe the social world as something made through recurrent practice using tools, discourses and human bodies, and consider organizations as site, constraint, enabler and result of human activities (Nicolini, 2012). This allows for the development of theories that are high in accuracy, close to the multifaceted and complex reality of IE, and which complement and extend more general theories (Whittington & Jarzabkowski, 2008). In this sense, practices can be theoretically understood as the

mechanisms that the microfoundations research investigates, and to constitute the core of networking.

However and *second*, practice theories seek not only to register human activity in detailed descriptions, but also to explain the regularity, emergence, dynamics and meaning of practices for larger organizational and social phenomena and how these lead to and interact with structural or performance outcomes (Nicolini, 2012). In line with the search for microfoundations, there is a clear aspiration to provide explanations of relevance to IE theory. This practice theoretical focus on accurate explanatory theory is relevant for practitioners, because of its familiarity and veracity, focusing on actions close to their own praxis (Feldman & Worline, 2016; Whittington & Jarzabkowski, 2008).

Third, practice theories in general provide a precise space for agency which does not negate the powerful influence of systems, institutions and past practices, which inform, enable and constrain praxis or action, but rather consider structure and individual agency as mutually constitutive (Orlikowski & Feldman, 2011). This is the main benefit practice theories bring to the study of microfoundations, addressing the fundamental criticism regarding methodological individualism. Practice do not assume a naïve primacy of individual agency over social structure and practice. Especially for the study of networking, which is inherently relational and from which the concept of “embeddedness” originated (Granovetter, 1985), it is crucial to not relegate the “macro” to an unspecified context, but to explicitly incorporate it into theoretical explanations, which has been continuously called for in IB and IE (Welch et al., 2011).

Finally, practice theories conceive of practices constantly open to contestation and change, implying that things could be done differently (Nicolini, 2012), with better or worse results for organizational life and performance outcomes, allowing for explanations of variation and firm heterogeneity. This must be emphasized because, while practice theories do not deny the importance of individual or organizational resource endowments, pre-existent personal networks, knowledge or experience, these do not *automatically* lead to success or failure of the international entrepreneur and international new venture, which rather must be achieved by practitioners through a constant effortful praxis. This focus on change and process makes a theoretical practice lens suitable to investigating phenomena such as capability development.

METHOD

The empirical part of our study is based on previous research of one of the co-authors (Fuerst, 2017). In this research the author constructed a detailed, focused narrative (Langley, 1999;

Miles, Huberman, & Saldaña, 2014; Pentland, 1999) of the internationalization process of C2 Game Studio (C2) based on longitudinal retrospective and real-time, process data. The data were collected through qualitative diary research by making use of weekly solicited logs in combination with periodic follow-up interviews (Balogun, Huff, & Johnson, 2003; Kenten, 2010).

C2 was founded in 2008 in Medellin (Colombia) by two entrepreneurs, Luis and Camilo. As an independent game development studio, C2 was able to position itself quickly within the fast-growing mobile video game industry through the cooperation with a renowned mobile video game publisher from the UK.

Focusing on one case allowed to study the unfolding of networking in-depth, in its natural setting and context. Case studies provide rich, empirical descriptions of particular instances and are useful in order to understand the dynamics present within single settings (Eisenhardt & Graebner, 2007; Yin, 2009). A single case study that explores the depth of a phenomenon in its natural setting is a powerful tool for inductive theory generation (Dyer & Wilkins, 1991; Siggelkow, 2007). The participation in industry events was intimately linked to the internationalization activities of C2. We therefore extracted these particular activities from the focused narrative in order to understand how C2, through its two co-founders Camilo and Luis, accomplished the practice of participating in industry events.

To analyze the narrative, we followed Sandberg and Tsoukas (2011), who describe practices as meaningful totalities constituted by the following five aspects. *First*, a “teleological structure”, providing practitioners (i.e. C2’s co-founders Luis and Camilo) with ends and possible means for the practice. When analyzing the data, we looked for practitioners’ answers and justifications as to the “Why” of the practice. *Second*, “already-defined distinctions” about what is relevant or irrelevant to each practice, providing participants in the practice with orientation. We understand these already defined distinctions of practices as similar to the “ostensive” aspect of routines (Feldman & Pentland, 2003), mental depictions held by practitioners of how a practice should be performed, what belongs to it and what doesn’t. During data analysis, we looked for general description of the “What” of attending industry events. *Third*, “standards of excellence” (MacIntyre, 2007) that serve as points of reference regarding the quality of performance in the practice, which are generally pre-defined by the community engaging in it, and which newcomers to the practice have to accept in order to learn. During data analysis, answers and affirmations regarding “how well” someone was doing, what “goods” were realized through the practice, or measures and examples of performance, helped us identify this aspect. The aspects *four* and *five*, concrete

activities, which we understood as similar to the performative aspect of routines (Feldman & Pentland, 2003) and tools, were solely based on records of what our entrepreneurs or other's remembered doing. In analyzing the narrative, we have taken these five constituting aspects of a practice as categories to describe in detail how the practitioners in our example engage increasingly skillfully in the practice "participating in industry events", thereby developing a capability which we see as partially constituting networking capability.

For data analysis, we complemented the existing narrative by Fuerst (2017) with the original log data and the interview transcripts where this was necessary. Going back to the original log and interview data provided additional information on the particular activities performed by the entrepreneurs that were not always obvious from the narrative. Furthermore, we consulted the webpages and the archives available on the Internet regarding the industry events our entrepreneurs participated. We complemented this information through personal accounts and testimonials provided by participants of these events available on the Internet. This data we used for defining the practice from the perspective of the general community making up the video game industry.

FINDINGS

C2 regularly participated in events of the global video game industry, mainly in the U.S. and Canada: Game Developers Conference, Unite, Game Connection, and Casual Connect. These events are gatherings that bring together the game development community such as designers, artists, programmers, audio professionals, developers, publishers, and specialized media (Wikipedia, 2020).

The participation in these industry events represents a practice that according to Sandberg and Tsoukas (2011) can be broken down into the following five constituting elements.

First, different goals are pursued on behalf of the video game community by putting together these annual events (i.e. the teleological structure). On the one hand, the community aims to "advance their craft" by exchanging ideas, working on solution to problems, and to discuss trends. On the other hand, the community strives to accomplish business deals among themselves. The exchange of knowledge and deal-making ultimately contribute to the competitiveness of the industry and the individual actors (e.g., developers, publishers) that constitute the community. *Second*, the participation in these industry events is guided by common understandings of actions that provide orientation to the participants about what matters and what does not matter by engaging in the practice. These actions primarily include participating in spaces for knowledge exchange on the one hand and participating in deal-making encounters on the other hand. These spaces come along in different formats, ranging

from formal settings, such as speaker sessions and scheduled buyer-seller meetings, to informal settings such as ad-hoc encounters between individual actors. Informal encounters are equally encouraged by the event organizers by facilitating dedicated community spaces. *Third*, the practice itself adheres to a standard of excellence that provide an orientation to the participants of when their participation is considered a success or a failure. Acquiring knowledge about the state-of-the-art and future trends (e.g., game design, development, sales, monetization) and achieving business deals (e.g., possible partners for co-production or publishers) is considered a successful industry event participation. This ultimately contributes to an increasing competitiveness of the actor within the global video game industry. *Fourth*, particular activities need to be performed by individual actors in order to accomplish the goals envisioned for participating in the industry event and to make it a success. These activities involve scheduling meetings, listening to speakers, and engaging and interacting with other participants. *Fifth*, under consideration of the teleological structure of the practice, different tools are used to accomplish the purpose of the events. These include particular match-making software to schedule buyer-seller meetings and the usage of exhibition booths. Table 1 presents the findings of our analysis. Due to space restrictions for this conference paper, we do not provide a detailed account of the activities performed by our two focal entrepreneurs, nor do we provide evidence in form of power and proof quotes (Pratt, 2009) of what the entrepreneurs expressed in their logs and interviews. We rather choose to summarize the findings as evidenced in Table 1 with a particular focus on the longitudinal character of our data. Subsequently, we will discuss the main findings in light of extant literature. The first row of Table 1 refers to the consensus of how the community of video game development understands the practice of participating in industry events. This general understanding of the practice by the community of its practitioners is an important point of reference in order to evaluate the individual mastery of the practice on behalf of C2 at a particular point in time.

Table 1. Industry event participation

	1) Teleological structure	2) Already-defined distinctions	3) Standards of excellence	4) Particular activities	5) Tools
<i>Participating in industry events</i> <i>Community consensus</i>	a) “Advance craft” (exchanging ideas, working on solutions, discuss trends) b) Accomplishing business deals	a) Participating in spaces for knowledge exchange (<u>formally/informally</u>) b) Participating in deal-making encounters (<u>formally/informally</u>)	a) State-of-the-art knowledge acquired; future trends identified b) Business deals achieved	a) Scheduling meetings b) Listening to speakers c) Engaging and interacting with others	a) Match-making software to schedule buyer-seller meetings b) Exhibition booth
<i>Participating in I/ITSEC Orlando (November 2007)</i>	a) Gather ideas b) <i>Not realized</i>	a) Participating in spaces for knowledge exchange (<u>formally</u>) b) <i>Not realized</i>	a) Gaining knowledge about the state-of-the-art b) <i>Not realized</i>	a) <i>Not realized</i> b) Listening to speakers c) <i>Not realized</i>	a) <i>Not applicable</i> b) <i>Not realized</i>
<i>Participating in GDC San Francisco (March 2010)</i>	a) <i>Not realized</i> b) Identifying potential clients for work-for-hire opportunities	a) <i>Not realized</i> b) Participating in deal-making encounters (<u>formally</u>)	a) Gaining knowledge through interaction with potential clients b) Engaging in potential business deals	a) <i>Not realized</i> b) <i>Not realized</i> c) Engaging and interacting with others <u>Others:</u> Follow-up communications	a) <i>Not applicable</i> b) <i>Not realized</i>
<i>Participating in Unite Montreal (November 2010)</i>	a) Capture important trends b) Identifying potential clients	a) Participating in spaces for knowledge exchange (<u>formally</u>) b) Participating in deal-making encounters (<u>formally</u>)	a) Gaining knowledge about future trends b) <i>Not realized</i>	a) <i>Not realized</i> b) Listening to speakers c) Engaging and interacting with others	a) <i>Not applicable</i> b) <i>Not realized</i>
<i>Participating in Unite San Francisco (September 2011)</i>	a) Gather ideas of how to produce more efficiently b) Identifying potential client for work-for-hire and partner for co-production <u>Other:</u> Promote current game among specialized media	a) Participating in spaces for knowledge exchange (<u>formally</u>) b) Participating in deal-making encounters (<u>formally</u>)	a) Gaining knowledge about the state-of-the-art and future trends b) <i>Not realized</i>	a) Scheduling meetings b) Listening to speakers c) Engaging and interacting with others <u>Others:</u> Strengthening existing relationships	a) <i>Not applicable</i> b) <i>Not realized</i> <u>Others:</u> iPhone, iPad
<i>Participating in Game Connection San Francisco (March 2012)</i>	a) <i>Not applicable</i> b) Identifying potential investor for development of new game	a) <i>Not realized</i> b) Participating in deal-making encounters (<u>formally</u>)	a) Gaining knowledge through interaction with potential clients and other studios b) Engaging in potential business deals	a) Scheduling meetings b) <i>Not applicable</i> c) Engaging and interacting <u>more intensively</u> with others (<u>pitching, observing behavior of others</u>)	a) Match-making software to schedule 27 buyer-seller meetings b) Usage of exhibition booth jointly with other studios <u>Others:</u> iPhone, iPad

1) Teleological structure

2) Already-defined distinctions

3) Standards of excellence

4) Particular activities

5) Tools

				Others: Preparing pitches with concepts for new games	
Participating in Casual Connect Seattle (July 2012)	a) <i>Not applicable</i> b) Identifying potential partners for co-production and investor	a) <i>Not realized</i> b) Participating in deal-making encounters as well as 'Starbucks encounters' (<u>formally/informally</u>)	a) Gaining knowledge through interaction with potential clients b) Engaging in potential business deals	a) Scheduling meetings b) <i>Not applicable</i> c) Engaging and interacting <u>intensively</u> with others (pitching, obtaining feedback) Others: Preparing pitches with concepts for new games	a) Match-making software to schedule buyer-seller meetings b) Usage of exhibition booth jointly with other studios Others: iPhone, iPad, laptop
Participating in Colombia 3.0 Bogota (October 2012)	a) Not realized b) <i>Not realized</i> Other: Promote C2 among specialized media Other: Relationship-building with particular video game consultants	a) Participating in spaces for knowledge exchange (<u>informally</u>) b) <i>Not realized</i>	a) Gaining knowledge about the state-of-the-art and future trends b) <i>Not realized</i>	a) Scheduling meetings b) Listening to speakers c) Engaging and interacting with others (pitching, obtaining feedback) Other: Follow-up communications	a) <i>Not realized</i> b) <i>Not realized</i> Others: iPhone, iPad, laptop for pitch on stage
Participating in Game Connection San Francisco (March 2013)	a) <i>Not applicable</i> b) Identifying potential partners for co-production	a) <i>Not realized</i> b) Participating in deal-making encounters as well as 'Starbucks encounters' (<u>formally/informally</u>)	a) Gaining knowledge through interaction with potential clients and partners b) Closing a business deal	a) Scheduling meetings b) <i>Not applicable</i> c) Engaging and interacting with others (pitching) Other: Preparing pitches with concepts for new games Other: Follow-up communications	a) Match-making software to schedule over 40 buyer-seller meetings b) Usage of exhibition booth jointly with other studios Others: iPhone, iPad

The first column to the left in Table 1 depicts chronologically the different industry events attended by C2 during the observed timeframe between 2007 and 2013. Since C2 was incorporated during 2008, the visit to the first industry event (I/ITSEC Orlando) dates back to the pre-founding period of the new venture.

While the participation in industry events in the beginning was motivated by gathering ideas about the usage of technology and how to apply it more efficiently, C2 increasingly became less interested in attending speaker sessions and rather focused its attention on events with a sole business match-making character such as Casual Connect and Game Connection (please refer to column on the *teleological structure*). Instead of attending formal speaker sessions, C2 increasingly relied on interactions with potential clients and partners in order to gain feedback on their current games and game concept ideas (please refer to column on the *standards of excellence*). These interactions became vital for the entrepreneurs in order to identify the aspects of what publishers and consumers of video games currently are looking for, hence, it allowed them to capture the state-of-the art and trends through more personalized interactions. Another aspect that stands out from the analysis relates to the increased engagement in informal encounters for deal-making (please refer to column *already-defined distinctions*). In addition to previously scheduled buyer-sellers meeting, Camilo increasingly engaged in spontaneous, ad-hoc encounters with potential clients. We termed these meetings “Starbucks encounters” as they usually occurred in dedicated resting areas or at the Starbucks coffee corner of these industry events.

Being able to increasingly engage and interact with potential clients and partners in business deal-making sessions and more importantly in spontaneous, ad-hoc encounters requires an ability at the personal level. In our case, we were able to observe how Camilo gradually developed the ability to approach others, to engage them in conversations, to make them interested in C2’s games and to solicit feedback. The development of this ability culminated during Casual Connect Seattle (July 2012) when we observed the first “Starbuck encounters”. Together with the development of the ability to engage and interact with others, comes the increasing usage of personal tools for these interactions such as Camilo’s personal iPhone, iPad, and laptop (please refer to column *tools*). Furthermore, the increasing skillful engagement and interaction with others pushes the boundary of the practice of industry event participation. We added these particular instances as “others” in Table 1. For instance, the activity of preparing pitches became a constant since Game Connection San Francisco (March 2012). Delivering a pitch is an ability equally acquired by Camilo which we subsumed under the activity of engaging and interacting (intensively) with others.

Although both entrepreneurs, Camilo and Luis, assisted together the industry events during the startup period of C2 between 2007 and 2010, it was solely Camilo who attended all other events later. Nonetheless, the experiences that Camilo brought back from each event were shared within the team and particularly Luis and subsequently presented to the board of directors in order to take decisions regarding the implementation of the learning from the events. For example, after Game Connection San Francisco (March 2012) the board decided to hire an external advisor to support international business development and a more efficient game development process. Hence, the individual-level experiences of Camilo became part of the organization as such through sharing with the board and the subsequent implementation of decisions at the organizational level.

Starting with I/ITSEC Orlando (November 2007) and culminating in Game Connection San Francisco (March 2013), C2 was able to fully accomplish the practice of participating in industry events as defined by its community. Particularly at Game Connection San Francisco (March 2013), Camilo was able to pre-arrange over 40 buyer-seller meetings (the highest number accomplished so far) and achieved closing a business deal with a partner for a game co-production. From another perspective, the increasing mastery of the practice was accompanied by a development process at both the individual level (Camilo) and organizational level (C2) starting as passive observer at industry events and culminating as proactively engaged participant.

DISCUSSION

We find that this practice of participating in industry events is indeed a partial microfoundation of networking capability, in its aspect of relating. We only look at one aspect of networking capability, described as “relational skills” by Walter et al. (2006) and which we call relating. There are others, such as internal communication, on which we have provided only limited evidence, for instance, as related to Camilo sharing his experiences of event participation with his partner Luis and the board. We believe that our approach can be replicated to study the aspects of coordination and internal communication as well.

We show that increasing individual mastery of the practice, as judged by other participants in this practice (i.e. the actors C2 engages with during the events), forms the basis for networking capability development. We show how our focal entrepreneur Camilo goes from a passive observer to a skilled networker. We understand this also as the individual level microfoundation of overcoming the liability of outsidership (Johanson & Vahlne, 2009) – having at least one person interacting with members of the network in a way that is

considered skilled or acceptable by the established practitioners. It is important to note that this individual skill development occurred to a relevant extent after the founding of the company, which is evidence for what Nguyen and Mort (2020) call “enhanced owner/manager microfoundational resources”. This could be indicative of a certain “stickiness” of the central role of the entrepreneur even in later phases of organizational development, beyond the simplified conjecture that there is a gradual transference of individual endowments to organizational capabilities.

Our analysis has provided additional evidence for the initial founding and development stages of the capability life-cycle suggested by Helfat and Peteraf (2003). We see how capability is developed by a team, often under the crucial leadership of specific individuals. We also see why and how the previous industry and international experience of the entrepreneur in IE (Sekliuckiene et al., 2019; Verbeke et al., 2014) could play an important role for the capability development in INVs: Previous experience will tend to have led to the development of individual skills of the entrepreneur, as illustrated by Camilo in the C2 case. It also implies greater familiarity with the established community practices, and the knowledge of these practices facilitate their introduction and firm integration at the team and organizational level.

The organizational-level networking capability is developed through an entwinement with other aligned organizational practices such as preparing demos of new games or debriefing sessions after the event. It is both the individual level mastery and the organizational support behind it which allow for the increasing attainment of standards of excellence. We also note the importance of adapting networking activities that align with international industry practices, which points to a need to theorize and explain the networking context in IE research.

However, although we see a certain amount of success depending on complying with community standards, such as demos and pitching, there are several reminders of entrepreneurs innovating and using the practice in a new and creative, non-standard way, which works for them some of the time such as using industry events to strengthen existing relationships or promote games among specialized media.

In terms of theoretical integration, we have taken what is usually considered as unspecified industry context and brought it fully into our analysis (Welch et al., 2011), using the same framework and categories to analyze the intra- and extra-organizational, which is the big advantage of practice theories. Hence, we hope that we have illustrated persuasively why and how practice theories can help us uncover micro-foundations in IE.

CONCLUSIONS

Our paper contributes to IE a microfoundation on network capability development. We accomplish this task by analyzing the internationalization process of an international new venture in the global mobile video game industry. Detailed processual data were obtained through qualitative diary research and interviews allowing us to observe intimately the unfolding of the internationalization process at both the individual and the firm-level over a period of seven years. Applying a practice theoretical framework based on Sandberg and Tsoukas (2011), we are able to provide a contextualized explanation of networking capability development and to illustrate how a practice approach can help understand the underpinnings of organizational capabilities. We recommend future research to apply a practice perspective to other capabilities deemed important for the successful internationalization of new ventures such as learning and product development.

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