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from Austrian SMEs.”

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Abstract

The purpose of this study is to examine the extent to which the use of social media, specifically LinkedIn, supports firms in overcoming the liability of outsidership in the context of internationalization and the potential limitations of the platform. This study followed a qualitative research approach in the form of in-depth, semi-structured interviews with nine founders and co-founders of Austrian SMEs operating in the innovation consulting sector.

The results show that LinkedIn offers six specific advantages when it comes to overcoming the challenges associated with the liability of outsidership. These benefits are the opportunity to have a first point of contact, access to a large network, information sharing and exchange, improved positioning, cold outreach and enhanced recruitment efforts. Furthermore, it was found that LinkedIn alone does not have the ability to help overcome the liability of outsidership, but only to reduce it due to three limitations. These are that connections made on the platform lack depth, interactions lack a personal aspect, and the space is quite crowded.

Kurzfassung

Ziel dieser Studie ist es, zu untersuchen, inwieweit die Nutzung von Social Media, insbesondere von LinkedIn, Unternehmen bei der Überwindung der “Liability of Outsidership” im Kontext der Internationalisierung unterstützt und wo mögliche Grenzen der Plattform liegen. Die Studie folgte einem qualitativen Forschungsansatz in Form von semi-strukturierten Interviews mit neun Gründern und Mitgründern österreichischer KMUs, die im Bereich der Innovationsberatung tätig sind.

Die Ergebnisse zeigen, dass LinkedIn sechs spezifische Vorteile bei der Bewältigung der mit der “Liability of Outsidership” verbundenen Herausforderungen bietet. Diese Vorteile sind die Möglichkeit einer ersten Kontaktaufnahme, der Zugang zu einem großen Netzwerk, die Weitergabe und der Austausch von Informationen, eine verbesserte Positionierung, Kaltakquise und verstärkte Rekrutierungsbemühungen. Darüber hinaus wurde festgestellt, dass LinkedIn allein nicht in der Lage ist, die “Liability of Outsidership” zu überwinden, sondern sie aufgrund von drei Einschränkungen lediglich verringern kann. Diese sind die fehlende Tiefe der auf der Plattform geknüpften Kontakte, der fehlende persönliche Aspekt der Interaktionen und die Tatsache, dass der digitale Raum derzeit sehr überfüllt ist.

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List of Abbreviations

IB: international business

IE: international entrepreneurship

MNE: multinational enterprise

SME: small and medium-sized enterprises

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1. Introduction

The current literature on the internationalization of firms, especially small and medium-sized enterprises (SMEs) and international new ventures, strongly emphasizes the importance of networks, business relationships and weak ties (e.g. Coviello, 2006; Johanson & Vahlne, 2009; McDougall, Shane, & Oviatt, 1994; Sasi & Arenius, 2008). A groundbreaking contribution on the topic of networks in business is the work of Johanson and Vahlne (2009), who have revised their preliminary Uppsala model (Johanson & Vahlne, 1977) and identified the liability of outsidership as the main obstacle to internationalization rather than the liability of foreignness. Markets can be understood as networks of connections and relationships, where firms are linked to each other either directly or indirectly (Johanson & Vahlne, 2009). Many scholars to this date have identified that the insidership in appropriate networks within the market is essential for a successful internationalization (Chen, Shaheer, Yi, & Li, 2018; Johanson & Vahlne, 2009; Sigfusson & Chetty, 2013).

Similarly, digitalization has gained momentum for business and entrepreneurship over the last few years and is considered a megatrend that will shape international business and change society as a whole (Bican & Brem, 2020; Lee, Falahat, & Sia, 2019). Within the topic of digitalization, social media has become particularly important for businesses in the last decade, whether for marketing purposes, entrepreneurial self-promotion, or communication purposes (Fraccastoro & Gabrielsson, 2018; Fraccastoro, Gabrielsson, & Chetty, 2021; Fraccastoro, Gabrielsson, & Pullins, 2021). The use of social media has redefined the daily work lives of people and the business world as a whole, especially when it comes to international operations (Fraccastoro, Gabrielsson, & Pullins, 2021).

Scholars have recently described the opportunities of using social media in order to enter networks, form weak ties and therefore a wider network, and as a result overcome the liability of outsidership (Fraccastoro & Gabrielsson, 2018; Oviatt & McDougall, 2005; Sigfusson & Chetty, 2013). Given all the possibilities of using social media in a way that complements a firm's internationalization process, this thesis deals with the potentials for forming connections with relevant network actors during internationalization and thus overcoming the liability of outsidership.

2. Literature Review and Theoretical Background

The purpose of this literature review is to provide a solid foundation for investigating the role of LinkedIn in assisting firms in addressing the challenges associated with outsidership liability in the context of internationalization. Through a comprehensive examination of relevant literature, the rationale for this research choice is established and the reader is guided through critical concepts relevant to this study. This chapter provides an overview of the current literature on SME internationalization, the role of networks in the internationalization process, the concept of outsidership liability, and the possibilities of social media as a networking tool. Within this framework, the merging of network theory, the liability of outsidership literature, and insights from SME internationalization studies will lead to the research gap and the central research question that forms the basis of this paper. Finally, the main principles of network theory are described to provide the lens through which this research is conducted.

2.1 Internationalization of businesses

The internationalization of companies has been a research topic of relevance for many scientific groups and has been investigated for a couple of decades. Several ways for businesses to internationalize have been found. One of the most classical approaches to internationalize is described by the stage model – also called Uppsala model of internationalization – which states that internationalization is a gradual process where companies slowly enter foreign markets (Johanson & Vahlne, 1977). The process is leveraged by increasing the knowledge about the country, such as market knowledge, language and culture (Johanson & Vahlne, 1977). This reduces psychic distance and liability of foreignness, which the Uppsala model assumes to be great hinderances in in the process of internationalization (Johanson & Vahlne, 1977). Since the initial Uppsala model was quite obsolete due to recent changes in business practices, more specifically advancing global interconnectedness and the importance of networks in business (Coviello & Munro, 1997, 1995; Ellis, 2000), the initial model was revised and relationships and networks were integrated as important aspects of internationalization, which then identified the liability of outsidership as the main challenge during internationalization rather than the liability of foreignness (Johanson & Vahlne, 2009).

For this reason, and due to the changing business environment and the consequent loss of its generality, the Uppsala model of internationalization has been criticized by many scholars (e.g. Dow, Liesch, & Welch, 2017; Forsgren & Hagström, 2007; Knight & Liesch, 2015; Welch, Nummela, & Liesch, 2016), which led to several authors reviewing and identifying other ways of internationalization (e.g. Calof & Beamish, 1995; Coviello, 1999; Coviello & McAuley, 1999; Laghzaoui, 2011; Reid, 1981; Ruzzier, Hisrich, & Antoncic, 2006).

2.2 Internationalization of SMEs

At the moment, around 99% of firms in the European Union are SMEs (European Commission, 2021). A number of countries have undergone attempts to encourage the international operations of their SMEs, with the objective of increasing economic growth and reducing the unemployment rate (Ruzzier et al., 2006). This abundance of SMEs both highlights their importance for scientific research and significance in the global economy (e.g. Daszkiewicz & Wach, 2012; Hervé et al., 2020; Lu & Beamish, 2001). While MNEs and SMEs have many similarities in their internationalization process (Oviatt & McDougall, 1994) globalization has an especially powerful and even more substantial impact on SMEs than on large corporations (Ruzzier et al., 2006). Moreover, since SMEs are more familiar with innovation and usually react rather fast to technological advancements (Hervé et al., 2020; Knight & Liesch, 2016), they have the capability to engage in operations abroad and take advantage of international markets despite initially having limited resources (Lu & Beamish, 2001).

As SMEs are smaller and more entrepreneurial than MNEs, and as they increasingly seek to internationalize rather quickly, scholars have developed new perspectives on existing internationalization models that are more applicable to SMEs (Hervé et al., 2020; Lu & Beamish, 2001; Oviatt & McDougall, 1994, 2005). However, when exploring the different models, one must be careful about the differences between the entry modes, theories, strategies or resources used for internationalization (Dabić et al., 2020). While many of these internationalization theories and models can be applied to both MNEs and SMEs, there are a number of them that are increasingly associated with SMEs in the literature (Dabić et al., 2020). For example, the Uppsala model of internationalization, which was

explained in more detail in the previous section, claims that firms approach internationalization in a gradual manner (Johanson & Vahlne, 1977, 2009; Johanson & Wiedersheim, 1975). Another stream of research, that on born global and international new ventures (Oviatt & McDougall, 1994, 1995, 2005), argues that there is a type of firm that does not approach internationalization in an incremental way, but internationalizes from the beginning. The resource-based view (Barney, 1991) focuses on the resources and attributes that an SME can harness to achieve success on a global scale (Barney, 1991). A theory that has also been used to explain why SMEs decide to expand internationally is the transaction cost theory (Williamson, 1981). According to this theory, the decision to internationalize is often influenced by how SMEs respond to problems or failures in the market (Williamson, 1981). The network theory highlights the potential of competitive advantage by having interactions with relevant people of other firms while internationalizing (Granovetter, 1983).

The cross-border networks of entrepreneurs have been defined as one of the seven most substantial factors for international success of SMEs, since both formal (e.g. business relationships) and informal (e.g. family, friends and acquaintances) relationships significantly affect the internationalization process in multiple different ways (Coviello & Munro, 1995; Oviatt & McDougall, 1995, 2005). In fact, rather than depending completely on the strategic orientation of the firm, the foreign market selection is affected strongly by the entrepreneur's personal and professional relationships, as well as the opportunities that originate from those relations (Coviello & Munro, 1995; McDougall et al., 1994; Oviatt & McDougall, 2005).

2.3 Liability of outsidership

This notion that success in a foreign market is strongly influenced by the cross-border network influenced the revised version of the Uppsala model (Johanson & Vahlne, 2009). The initial Uppsala model was based on the notion that the process of internationalization for most firms started in countries that were in close geographical proximity and therefore had a low psychic distance (Johanson & Vahlne, 2009). It was concluded, that the higher the psychic distance, the higher the liability of foreignness (Johanson & Vahlne, 2009). The liability of foreignness refers to the costs that occur when a firm is doing business in

a market different from the home market and therefore result in a competitive disadvantage (Zaheer, 1995).

However, in their reconsideration of the Uppsala model, Johanson and Vahlne (2009) acknowledged the importance of business networks in the internationalization process of firms and included the aspect of relationships into the model. They refer to the idea that opportunities as well as challenges a firm faces in foreign markets have more to do with the network and relationships in that country than the country itself (Johanson & Vahlne, 2009). This notion goes hand in hand with the significance of business networks that has been established around 35 years ago, when it was found that a firm's international growth activities were to a large extent directly dependent on the connections with other firms in the foreign country (Johanson & Mattsson, 1988).

Internationalization has been defined as an outcome of endeavors undertaken to enhance a business's position in its networks. (Johanson & Vahlne, 2009; Schweizer, 2013; Yamin & Kurt, 2018). Johanson and Vahlne (2009) say: *"Anything that happens, happens within the context of a relationship, and a firm that is well established in a relevant network or networks is an "insider"* (Johanson & Vahlne, 2009, p. 1415).". From this, it can be drawn that to be successful during the internationalization process, establishment in at least one network is vital.

While the liability of foreignness refers to the disadvantages associated with the geographical difference and distance between a firm's home and foreign markets, the liability of outsidership refers to the degree to which a firm is embedded in a relevant network (Johanson & Vahlne, 2009). This means, that a firm suffers from the liability of outsidership when it lacks a meaningful network position in relevant networks, and therefore struggles with establishing relationships with network actors (Vahlne, Schweizer, & Johanson, 2012). This concept, especially the word "liability", highlights the uncertainties and challenges that come along with having no established insider position in a relevant network (Vahlne et al., 2012). The country itself does not play an essential role when it comes to the liability of outsidership, as networks are borderless in that sense, and can be looked upon as a continuous distance effect (Forsgren & Hagström, 2007).

Individuals or firms that have managed to establish themselves as members of a relevant network can be seen as insiders (Johanson & Vahlne, 2009). In order to become a member in a network, it is fundamental to build trust with other network actors to strengthen the relationship and become more embedded within the network (Forsgren & Hagström, 2007; Johanson & Vahlne, 2009; Schweizer, 2013). Commitment and confidence during the internationalization process are in large part taught through relationships, so it can be said that insidership in a network is inevitable when entering a new market (Coviello, 2006; Johanson & Vahlne, 2009). Therefore, firms that are not members of a relevant network are referred to as outsiders, and they consequently suffer from the liability of outsidership (Johanson & Vahlne, 2009).

When Johanson and Vahlne (2009) discovered the concept of liability of outsidership, they also had a clear idea of how it was to be overcome. From their perspective, networks surround firms everywhere, therefore it is essential when entering new networks or new markets to use existing relationships that are already embedded in those environments (Johanson & Vahlne, 2009). For that, it is of significance to build trust and commitment with members of relevant networks (Johanson & Vahlne, 2009; Schweizer, 2013). Trust has been found to play an important role when it comes to strengthening relationships (Johanson & Mattsson, 1987). As a next step, firms should use the newly gained relationships to acquire knowledge and learn about new markets (Johanson & Vahlne, 2009). Learning often happens through interaction with people or organizations, therefore it is fundamental for firms to establish relevant network relationships which enable them to receive market-specific knowledge and as a result, identify new opportunities that can be exploited (Johanson & Vahlne, 2009; Schweizer, 2013).

2.4 Networks in internationalization

In general, networks refer to a *“web of personal connections and relationships with the main purpose of securing favors in personal or organizational settings”* (Zhou et al., 2007, p. 674). Habitually, scholars differentiate between business and social networks (Bai, Johanson, Oliveira, & Ratajczak-Mrozek, 2021; R. S. Burt, 1992; Ellis, 2011; Johanson & Mattsson, 1988).

Business networks denote long-term inter-firm relationships and linkages which result from exchange of resources and interaction between firms (Agndal & Chetty, 2007; Bai et al., 2021; Johanson & Mattsson, 1988). However, especially in international entrepreneurship, business relationships alone seem to lack some aspects that help firms exploit opportunities abroad (Ellis, 2011). It is argued, for example, that opportunities are not recognized by firms but by the cognitive activities of an individual (Ellis, 2011; Reuber, Knight, Liesch, & Zhou, 2018; Shane, 2003; Zahra, Korri, & Yu, 2005). What is more, network effects are acknowledged to not be limited to inter-firm relationships only, but mostly to all ties an entrepreneur and employees of a firm possess (Bai et al., 2021; Ellis, 2011). This is where social networks of individuals come into play.

Social networks refer to the total amount of relationship linkages an individual has with other people, meaning all private and professional relations that someone has with their colleagues or individuals outside of their workplace (R. S. Burt, 1992; Ellis, 2011). Those type of networks focus on one individual establishing a relationship with another individual, and in the professional context this process would encompass entrepreneurs or managers investing time and effort into actually developing one on one relationships with people from other firms (Agndal & Chetty, 2007; Bai et al., 2021).

While both type of networks are contributory for internationalization processes, a main difference has been observed in their purpose. Business networks seem to be instrumental for knowledge exchange and acquisition, while social networks have been found to be more significant for seeking opportunities abroad (Agndal & Chetty, 2007; Bai et al., 2021; Ellis, 2011; Johanson & Vahlne, 2009; Reuber et al., 2018; Zahra et al., 2005). For this reason, it is difficult to state which type of networks is more important for international success, and one might argue that a firm needs both of them.

The concept of building social and business networks in order to secure private and professional favors is called *guanxi* in China and has been studied by scholars for decades (Feng & Patulny, 2021; Park & Luo, 2001; Zhou et al., 2007). It refers to a cultural practice where individuals are either nurturing existing relationships with people from a common group or a mutual acquaintance, fostering a connection with other people by having regular contact with them, or staying in contact with a person with scarce

interaction (Liu, Vredenburg, & Steel, 2014; Park & Luo, 2001; Tsui & Farh, 1997; Zhou et al., 2007). The focus of *guanxi* is the exchange of social obligations and reciprocal services between individuals or firms (Liu et al., 2014; Park & Luo, 2001).

In a business context, *guanxi* has a positive impact on the flow of resources, the competitive advantage, and the geographical expansion, and therefore often leverages an improvement in a firm's performance (Park & Luo, 2001; Zhou et al., 2007). Even though *guanxi* is known as a Chinese concept, it is definitely not unique to China. In a similar form, the exchange of reciprocal services in a web of social connections can be found in countries all over the world (Tsui & Farh, 1997; Zhou et al., 2007). What varies across societies is the extent to which the ties are used and whether or not they are vital in a the business context (Tsui & Farh, 1997). While *guanxi* is heavily based on dense, strong ties, social networks in Western societies tend to rely more heavily on weak ties (Feng & Patulny, 2021; Lin & Si, 2010).

Strong ties are based on regular contact, a significant level of affection, the commitment to fulfill mutual obligations, and they require a higher level of investment (Granovetter, 1973; Lin & Si, 2010). Weak ties, on the other hand, entail sporadic contact, no obligation for reciprocity and therefore a low level of personal investment (Granovetter, 1973; Lin & Si, 2010). When founding a business, entrepreneurs are initially more dependent on strong ties since they involve reliability and trust (Granovetter, 1973; Lin & Si, 2010; Oviatt & McDougall, 2005). However, the more important type of relationship when a firm internationalizes are the weak ties of an entrepreneur (Oviatt & McDougall, 2005). Due to the fact that they require a low level of investment, weak ties are usually more numerous and therefore can in sum provide a larger amount of information and knowledge (Ellis, 2011; Granovetter, 1973; Oviatt & McDougall, 2005).

Network relationships, as in both weak and strong ties, play an important role in facilitating the process of internationalization (e.g. Agndal & Chetty, 2007; Bai et al., 2021; Coviello, 2006; Lee et al., 2019; Oviatt & McDougall, 2005; Sigfusson & Chetty, 2013; Torkkeli, Kuivalainen, Saarenketo, & Puumalainen, 2018; Zain & Ng, 2006; Zhou et al., 2007), because they can provide an easier access to the market, funding, distribution channels, recommendations and relevant contact (Oviatt & McDougall, 2005). Having the right

relationships, for example with relevant institutions, business partners, investors, and other firms can offer a great competitive advantage in the foreign market (Agndal & Chetty, 2007; Lee et al., 2019). Furthermore, it has been found that social networks motivate firms' initial internationalization intention and influences a businesses market-selection as well as entry-mode decision (Lee et al., 2019; Zain & Ng, 2006; Zhou et al., 2007). Existing network relationships often allow entrepreneurs access to additional relationship and established channels (Agndal & Chetty, 2007; Bai et al., 2021; Zain & Ng, 2006)

Networks can be a helpful tool especially for entrepreneurs, since they can support founders of all kinds of firms in discovering international business opportunities (Lee et al., 2019; McDougall et al., 1994). It has also been found, that networks seem to have a greater impact on the entrepreneur's country choice for internationalization than their psychic distance to the country (Oviatt & McDougall, 2005). This is mainly because entrepreneurs identify business opportunities abroad through their networks, and use their existing network links and strategic alliances in order to find out when, where and how quickly that chance can be exploited (McDougall et al., 1994; Oviatt & McDougall, 2005).

In addition to the above-mentioned benefits that network relationships bring, many scholars have found that social networks have a strong impact on the speed of internationalization (Lee et al., 2019; Oviatt & McDougall, 2005; Zain & Ng, 2006). There appear to be multiple forces that influence the pace in which a firm internationalizes, the degree of knowledge required to exploit the opportunity, the existing competencies of the entrepreneur, as well as the entrepreneur's network relationships in other countries (Oviatt & McDougall, 2005). Especially firms that focus strongly on digitalization have a broader network, and therefore a greater speed of internationalization (Hsieh et al., 2019; Lee et al., 2019).

2.5 The effects of digitalization

Generally speaking, digitalization has been changing the business environment in many ways over the last decade, forcing traditional established companies to adapt to the newest advancements, while providing great opportunities to new firms (Cao, Navare, &

Jin, 2018; Hervé et al., 2020; Wittkop, Zulauf, & Wagner, 2018). Digitalization can also have a significant impact when a firm wants to increase its international activities (Hervé et al., 2020; Lee et al., 2019; Wittkop et al., 2018). It has been found that SMEs that put a strong emphasis on digitalization have been directly correlated with a greater entrepreneurial orientation and internationalization capability, since early internationalizing firms are usually proactive, innovative and risk-loving (Falihat, Knight, & Alon, 2018; Hsieh et al., 2019; Lee et al., 2019; McDougall & Oviatt, 2000). Research has shown that those firms that internationalize shortly after their launch often offer highly innovative products and are usually found in highly digitalized industries (Gabrielsson & Gabrielsson, 2011; Hsieh et al., 2019; Lee et al., 2019).

The way that entrepreneurs and firms are interacting with individuals within their network has been continuously changing through digitalization (Hervé et al., 2020; Neubert & Zhu, 2018; Pagani & Pardo, 2017; Sigfusson & Chetty, 2013). The use of technology have enhanced and simplified communication, as well as facilitated international transactions (Coviello, Kano, & Liesch, 2017). Especially the world wide web has given networks and social relationships a completely new context, making it possible to build connections without meeting physically (Almeida & Santos, 2020; Chen et al., 2018; Lee et al., 2019; Sigfusson & Chetty, 2013). Digital technologies have also been completely shifting the way that businesses interact with their customers (Coviello et al., 2017; Hervé et al., 2020), and have been allowing them to more easily develop international networking abilities, such as lead generation, client acquisition and client development (Neubert & Zhu, 2018).

Furthermore, digitalization in a business is directly affecting the network the firm has access to and as a result the knowledge about different markets (Hervé et al., 2020; Lee et al., 2019). The rise of digitalization enables firms to exchange information and connect with their business partners more easily (Coviello, 2006; Coviello et al., 2017; Hervé et al., 2020; Lee et al., 2019). Network ties usually are dependent on commonalities in geography, the psychic characteristics and language between network actors, which is why profitable opportunities beyond the reach of ties are often missed (Ellis, 2011). Digital communication tools solve that problem by allowing the exchange of information between individuals no matter the physical distance (Almeida & Santos, 2020; Chen et al., 2018;

Lee et al., 2019; Sigfusson & Chetty, 2013). Using those technologies for maintaining relationships with different types of relevant stakeholders can facilitate the acquisition of knowledge about foreign markets, to overcome the struggles of having scarce resources and increase firm performance (Bai et al., 2021; Lee et al., 2019; Oviatt & McDougall, 2005; Zhou et al., 2007). This gives firms the opportunity to speed up their knowledge acquisition about a foreign country, expand to new markets quicker and thus internationalize faster (Coviello et al., 2017).

In general, it can be said that an important feature of the modern firm nowadays is that it is more focused on business exchanges than production, making business and social networks even more important (Coviello et al., 2017; Vahlne & Johanson, 2017). With the increasing growth of digitalization, networks are proving to be a major source of competitive advantage, especially the size and quality of the network (Banalieva & Dhanaraj, 2019). As digital tools make it possible to quickly establish a large amount of connections with other people, the process of building networks is accelerated many times over by digitalization (Coviello et al., 2017).

2.6 Social media as a networking tool

While scholars have been aware of the benefits of using new technologies for a competitive advantage in many areas of business (Coviello et al., 2017; Hervé et al., 2020; Maltby, 2012; Neubert & Zhu, 2018; Quinton & Wilson, 2016), the body of literature on the topic of digital communication tools and social media is still in its beginning stages and developing continuously (e.g. Drummond, McGrath, & O'Toole, 2018; Fraccastoro, Gabrielsson, & Chetty, 2021; Fraccastoro, Gabrielsson, & Pullins, 2021; Maltby, 2012; Quinton & Wilson, 2016; Sigfusson & Chetty, 2013).

Social media have been established only around two decades ago (Kietzmann, Hermkens, McCarthy, & Silvestre, 2011), and are defined as *“a group of internet-based applications that build on the ideological and technological foundations of Web 2.0, and that allow the creation and exchange of user generated content”* (Kaplan & Haenlein, 2010, p. 61). They are usually easy-to-use, and inexpensive or free (Fischer & Reuber, 2011; Kaplan & Haenlein, 2010). Usually, a distinction is made between video-sharing platforms (e.g. YouTube), picture-sharing platforms (e.g. Instagram and Pinterest), social

networking sites (e.g. Facebook), micro-blogging sites (e.g. Twitter), professional networking sites (e.g. LinkedIn) and many more (Fischer & Reuber, 2011; Kietzmann et al., 2011).

While the term “social media” is often used interchangeably with “social networking sites”, there is a difference (Kaplan & Haenlein, 2010). Social networking sites focus on the creation of profiles by users and allow them to connect with and exchange messages with each other, while social media additionally allows for the sharing of media and user-generated content (Kaplan & Haenlein, 2010). For the purpose of this thesis, the terms social media and social networking sites will be used as synonyms, with a focus on the professional social networking site LinkedIn.

LinkedIn is a social networking site that is focused on the professional environment (Andersson & Wikström, 2017; Drummond et al., 2018; Kaplan & Haenlein, 2010; Kietzmann et al., 2011) and was founded in 2003 (Statista, 2021). In 2021, the platform’s user base amounted to approximately 774.61 million users (Statista, 2021) and therefore makes it one of the most used social networking sites for employers, recruiters, employees and work-seekers on a global scale (Statista Research Department, 2021). Having users from around 200 countries, the main purpose of this platform is to build professional networks, exchange information with potential business partners, and to engage in social selling (Almeida & Santos, 2020; Appel, Grewal, Hadi, & Stephen, 2019; Drummond et al., 2018). LinkedIn also gives firms the opportunity to build an online presence in the form of digital portfolios and upload job advertisements in order to attract potential future employees (Statista Research Department, 2021).

One of the main reasons for the popularity of social networking sites, especially LinkedIn, is that it allows people, including entrepreneurs, to interact and connect with other individuals in a limitless way that was not possible before the existence of social media (Fischer & Reuber, 2011). Social media allow firms and individual entrepreneurs to make their presence visible to a wide network and get involved in a bilateral information exchange with network actors (Drummond et al., 2018). It has been acknowledged that social networking sites allow businesses to establish connections with potential business partners in a more effective way, to widen the size of their networks, and to keep in touch

with potential partners more efficiently (Almeida & Santos, 2020; Drummond et al., 2018; Fraccastoro, Gabrielsson, & Pullins, 2021; Quinton & Wilson, 2016; Sigfusson & Chetty, 2013). Eventually, it can not only lead to a broader network horizon, but also deeper relationships within the network (Drummond et al., 2018).

The conscious use of social media to develop trustworthy connections with other entrepreneurs can massively impact the pace of internationalization, since individuals can leverage it to create mutual dependencies with business partners and other potential stakeholders and use it to accelerate their tacit knowledge (Andersson & Wikström, 2017; Maltby, 2012). In addition, it may give firms the right environment to grow their social capital and connections with network actors that are not in physical proximity (Almeida & Santos, 2020; Sigfusson & Chetty, 2013). As a result, it can be concluded that the use of social media can support businesses establish networks where geographical distance can be a barrier, and can help them overcome liabilities of smallness and newness in foreign markets by being embedded in an international network (Drummond et al., 2018).

While the vast majority of literature in this topic has emphasized the opportunities that social media can bring in connecting with international network actors and developing wider networks on a global scale in order to facilitate the process of internationalization (e.g. Almeida & Santos, 2020; Drummond et al., 2018; Fraccastoro et al., 2021; Quinton & Wilson, 2016; Sigfusson & Chetty, 2013), some scholars have found that maintaining weak ties on social media can be rather time-consuming and might often not be quite helpful (Gloor, Woerner, & Schoder, 2018; Sigfusson & Chetty, 2013). Gloor et al. (2018) highlight the superiority of real-world relationships compared to online connections. According to them, an online (business) relationship can only be as good as the relationship that underlies them in the real world (Gloor et al., 2018). For this reason, it might be that social networking sites with a specific focus on LinkedIn do not even provide any or only little benefit to most firms. If it unfolds, that real life relationships are a more superior form of connection, it will be interesting to see whether or not the use of LinkedIn can complement those relationships in one way or another.

What cannot be ignored, though, is that the use of social media provides great opportunities when it comes to the number of relationships formed, due to the level of

accessibility of those sites (Almeida & Santos, 2020; Drummond et al., 2018). However, in a study conducted on 12 entrepreneurs working in software firms, the subjects with the highest number of connections on their LinkedIn accounts indicated that they have a rather small amount of strong connections in their ventures; on the other side, the entrepreneurs that had the least amount of contacts on their LinkedIn accounts denoted that they had a higher number of strong connections in their firms (Sigfusson & Chetty, 2013).

These findings prove that having the highest number of connections online does not equate to a high depth of those relationships, because the more connections a person has online, the harder they are to manage. It can be quite time-consuming to handle a large number of weak ties and those relationships might not be strong enough to provide an additional value (Gloor et al., 2018; Sigfusson & Chetty, 2013). The question remains whether it is common for entrepreneurs to actively work on developing weak ties on LinkedIn into strong ties that then potentially evolve into real life business relationships, which can help in overcoming the liability of outsidership.

2.7 How firms overcome the liability of outsidership

The phenomenon of how firms overcome the liability of outsidership in foreign countries has been studied by many scholars (e.g. Fraccastoro, Gabrielsson, & Chetty, 2021; Lagerström & Lindholm, 2020; Schweizer, 2013; Sigfusson & Chetty, 2013; Vahlne et al., 2012; Yamin & Kurt, 2018). In order to be able to overcome the liability of outsidership, a company must first become aware that it is not an insider in a particular network (Schweizer, 2013; Vahlne et al., 2012; Yamin & Kurt, 2018). Often times, there seems to be a mental barrier for firms to recognize that they are not yet insiders of a relevant network, until an internal or external trigger hits and gives them a “reality check” (Schweizer, 2013). Internal triggers can include the knowledge of managers that bring market experience with them (Johanson & Vahlne, 1977) a managerial resource scarcity (Vahlne & Johanson, 2017) or a crisis within the firm (Schweizer, 2013). External triggers can include information received from business actors in other networks (Johanson & Mattsson, 1988), the need for an increase of network closure when entering a new market, or the seeking of tacit and complex knowledge within a specific network in a foreign market (Yamin & Kurt, 2018).

In the next step, the firm usually acts upon the recognition of an existing liability of outsidership (Schweizer, 2013). The firm either does not or is not able to act on its new cognition, uses its existing network relationships to overcome the liability of outsidership, or it proactively tries to form new connections in the relevant network (Schweizer, 2013). In order to become an insider, a network outsider must be willing to obtain the needed knowledge about the market at play, as well as the commitment to continuously learn (Johanson & Vahlne, 2009; Lagerström & Lindholm, 2020; Yamin & Kurt, 2018). Here, not only the individual knowledge of the involved parties plays a role, but also that which is specific to that particular relationship, and that originates from the interaction of two or more network partners (Johanson & Vahlne, 2009).

Another vital requirement for an outsider to be able to enter a network, is the readiness and commitment of a network insider to build a connection with an outsider (Lagerström & Lindholm, 2020; Yamin & Kurt, 2018). This can be particularly challenging in closed networks, as a new member within a network would trigger a complete shift in resources and change the dynamics of the network (Yamin & Kurt, 2018). Also, insiders of a network might be reluctant to establish connections with outsiders due to lack of trust, and lack of knowledge about the outsider regarding reputation or business activities (Aluko, Ott, Siwale, & Odusanya, 2022; Schweizer, 2013; Yamin & Kurt, 2018).

Just as the insiders of the network must consider whether it pays off to let a new member in, the outsider must invest resources to acquire subject matter knowledge and legitimacy to be a valuable member to the network (Lagerström & Lindholm, 2020; Yamin & Kurt, 2018). Additionally, a reassessment and reorganization of their knowledge and resources is necessary in order to identify important networks, and based on the existing and missing capabilities, the firm can then rearrange resources (Schweizer, 2013). If a company notices here that it has mainly relevant weak ties, it would be beneficial to transform them into strong ties, as they enable the exploitation of opportunities, provide trust and represent reliable business partners (Lin & Si, 2010; Oviatt & McDougall, 2005; Schweizer, 2013).

It is important to note that overcoming the liability of outsidership depends on both the insider and the outsider (Yamin & Kurt, 2018). The insider must open the doors and welcome outsiders into their network and on the other hand, the outsider must work hard to establish legitimacy and acquire the knowledge necessary to be a valuable member of the network (Lagerström & Lindholm, 2020; Schweizer, 2013; Yamin & Kurt, 2018). In order to simplify the process of creating new networks, it can be helpful to initiate the process by using existing networks that are already integrated into the new network (Johanson & Vahlne, 2009)

2.8 Overcoming the liability of outsidership by using social media

Scholars (Fraccastoro, Gabrielsson, & Chetty, 2021; Sigfusson & Chetty, 2013) have only recently been starting to tackle the interplay of social media with the liability of outsidership. It has been shown that the use of social media in the early stages of internationalization can be an aid in building weak ties and thus lays the foundation for a fast pace of internationalization (Fraccastoro & Gabrielsson, 2018). LinkedIn, for example, enables entrepreneurs to connect with other people in the business world and build a large network on the platform (Sigfusson & Chetty, 2013). In addition, social media can act as a channel to promote a firm or oneself as an entrepreneur internationally in an inexpensive and simple way (Fraccastoro & Gabrielsson, 2018). This is especially helpful in the early stages of internationalization, since as little risk as possible should be taken while saving resources (Fraccastoro & Gabrielsson, 2018).

During the growth phase of internationalization activities, the use of social networking sites can support in transforming weak network ties into strong ties, due to the facilitation of communication through social media (Fraccastoro & Gabrielsson, 2018; Fraccastoro, Gabrielsson, & Chetty, 2021; Sigfusson & Chetty, 2013). What makes ties strong is regular contact, a high trust level and a feeling of intimacy (Granovetter, 1973; Lin & Si, 2010).

While it is out of question that strong ties provide a great opportunity for entrepreneurs to gain a position of insidership within a network (Fraccastoro & Gabrielsson, 2018; Sigfusson & Chetty, 2013), the question remains how weak ties can be leveraged for overcoming the liability of outsidership during internationalization activities. Empirical

evidence on the mechanisms by which entrepreneurs use social media to establish weak ties in a foreign market, subsequently overcome the liability of outsidership, and achieve successful entry and growth in that international market is currently lacking. This thesis seeks to answer the open question what role of LinkedIn is in overcoming the liability of outsidership in the context of internationalization.

2.9 Research gap

In light of the provided literature on SME internationalization, liability of outsidership, and social media as a networking tool, this section argues the relevance of the proposed research questions. So far, there is plenty of literature on the concept of liability of outsidership and on mechanisms on how to overcome it (e.g. Chen et al., 2018; Schweizer, 2013; Vahlne, Schweizer, & Johanson, 2012). However, there is a scarcity of research that links the concept of liability of outsidership to the use of social media (Chen et al., 2018; Fraccastoro & Gabrielsson, 2018; Fraccastoro, Gabrielsson, & Chetty, 2021). Even less scholars looked at the matter from a network theoretical perspective (Fraccastoro & Gabrielsson, 2018). Additionally, none of the listed papers have specifically looked at the possibilities that social media offers in building weak ties (Granovetter, 1973) in foreign markets, and in what way those can help become an insider within a relevant network.

In my work, I want to explore the missing link between network theory, the liability of outsidership in internationalization, and the use of social media, specifically LinkedIn. I want to find out whether entrepreneurs use LinkedIn to interact with business actors in the markets they are trying to internationalize into, whether they see a benefit in using the platform, and how this helps them to become insiders within relevant networks abroad.

2.10 Research question

Aiming to determine the opportunities and limitations that social media baers in overcoming the liability of outsidership, the research question of this thesis is as follows:

*What is the role of LinkedIn in overcoming the liability of
outsidership of Austrian SMEs in the context of
internationalization?*

2.11 Network theory

This study aims to answer the research question by adopting the lens of network theory. Many researchers have investigated the role of networks in the business context (e.g. Burt, 1992; Granovetter, 1973; Oviatt & McDougall, 1994). One of the theories stemming from that research is the network theory (Granovetter, 1973). It is based on sociologist's Granovetter's (1973) research on the strength of weak ties (Granovetter, 1973) and analyzes the dynamics of people, groups, and organizations engaging with each other both inside and outside of their networks (Granovetter, 1973). A main concept within the network theory is that of ties, which refers to the different relationships that the parties, or nodes, of a network have with each other (Granovetter, 1973). The strength of a tie is characterized by the *"combination of the amount of time, the emotional intensity, the intimacy (mutual confiding), and the reciprocal services which characterize the tie"* (Granovetter, 1973, p. 1361).

In addition, a distinction can be made between the function and the type of tie. Every actor within a network has either weak or strong ties with other parties in the network (Granovetter, 1973). Weak ties are characterized by infrequent and sporadic interaction, a low level of intensity in the relationship and no obligation for reciprocity (Granovetter, 1973; Lin & Si, 2010). They often serve as bridges between parties of different networks, which might be very valuable during internationalization activities, as it opens doors to circles one does not have access to otherwise (Granovetter, 1983). At the same time, it might be difficult to receive valuable information and hands-on knowledge from weak ties due to the lack of feeling for reciprocity (Oviatt & McDougall, 2005), however it is much easier to effortlessly reach a much higher number of ties, since they require less investment and time commitment (Granovetter, 1973; Oviatt & McDougall, 2005).

In contrast, strong ties rely on frequent interaction, a high level of intensity as well as a higher degree of intimacy (Granovetter, 1973; Lin & Si, 2010). Strong ties offer a higher level of trust and reliability, while they require a high level of time commitment and reciprocity (Granovetter, 1973; Lin & Si, 2010). Teaching complex and tacit knowledge (Zhou et al., 2007) and the creation of new knowledge (Lechner & Dowling, 2003) seems

to be much more effective and more prevalent in strong ties, while weak ties leverage knowledge acquisition (Lechner & Dowling, 2003).

A pattern has been showing when the strength of a tie between people increases, the higher the probability that there is a crossover in their social connections (Borgatti & Halgin, 2011; Granovetter, 1983). This means that strong ties of one person are likely to have a tie, either strong or weak, with another strong tie of that person (Borgatti & Halgin, 2011; Granovetter, 1983). Therefore, there is a transitivity in network ties that is caused by a tendency of people towards homophily, which means they have tighter bonds with people that are similar to them (Borgatti & Halgin, 2011; Granovetter, 1983; Uzzi, 1997). Bridging ties, on the other hand, are relations outside of a person's network that form the "bridge" to another network (Granovetter, 1973). As it is common that the same information is circulating all the time within one's usual network, such a bridging tie can serve as a helpful source of new information and knowledge (Granovetter, 1973). Since those bridging relationships are always weak ties, Granovetter (1973) theorizes that the more weak ties a person has, the more successful they are.

This also strongly agrees with a theory of Burt (1992), which focusses on the concept of structural holes. It refers to the value of information within social interactions and networks (Burt, 1992). The concept of structural holes opens the possibility for individuals within a network to connect to new contacts in order to benefit from the newness of information and implicit knowledge that can take place through a widening of one's network (Burt, 1992). If network actors keep being part of only one network of strong ties, information can become redundant over time (Burt, 1992). However, if they use the value of weak ties and use the opportunity of connecting to other social circles, new information can be acquired and thus additional learnings can be made (Burt, 1992; Granovetter, 1973).

The concept of embeddedness is highly related to ties and refers to the degree of involvement of parties within a network (Granovetter, 1985). The level of involvement is directly associated with the strength of a tie, meaning the higher the degree of involvement of an individual within a network, the stronger the relationships between that person and other parties are (Fraccastoro & Gabrielsson, 2018; Granovetter, 1985). Embeddedness in the context of economic activities can be understood as the interplay

between economic and non-economic relations within a market (Frasquet, Dawson, Calderón, & Fayos, 2018; Granovetter, 1985).

The originator of the concept of embeddedness, Karl Polanyi (1944), theorizes that economic action is mainly based on economic and non-economic institutions, such as governments or religious organizations. This is because economic processes can be directly associated with social relations, culture, religion, morals and politics (Frasquet et al., 2018; Granovetter, 1985; Polanyi, 1944). Granovetter (1985) later built on Polanyi's theory of embeddedness and referred back to Wrong's (1961) "oversocialized conception of human action", which proposes that economic actions are solely determined by external forces like social class, religion or gender. On the other hand, scholars have often analysed the economy in an "undersocialized" approach as well, which proposes that people always behave in a way that would maximize their own interests and social structures or relations have no impact (Granovetter, 1985).

In his work, Granovetter (1985) sheds a light on the lack of consideration of social relationships in both the oversocialized as well as the undersocialized concepts. After all, economic activities are directly embedded in the involved actors' networks of interpersonal relations. The integration of social relations in an economical environment makes it easier for parties to evaluate whether or not they can trust in certain other actors they are interacting with (Granovetter, 1985). Usually, people base important decisions on past interactions with other people and are then more likely to come back to those they trust (Granovetter, 1985). This highly relates to the concept of *guanxi*, which is a common business practice in China that revolves around the exchange of social obligations and reciprocal services between individuals or firms (Park & Luo, 2001).

With the context of the complexity of international business in mind, Hess (2004) introduced a spatial element into the contributions of Granovetter (1985) and Polanyi (1944). As a result, he proposed three different types of embeddedness:

- **Societal embeddedness:** This refers to the so-called genetic code of an organization that is depicted by the local culture of a market (Hess, 2004). It is the individual background of an organization that directly influences the beliefs, perceptions, actions

and even long-term strategy of a firm (Hess, 2004). However, a key aspect of societal embeddedness is ongoing dynamic changes in the home market, which are not taken into account in the genetic code explanation. Operations in the home market usually evolve over time, which then also transfers to foreign operations of a firm (Burt, Johansson, & Dawson, 2015; Frاسquet et al., 2018).

- **Network embeddedness:** This describes the network of individuals and organizations with regards to the structure or the architecture of the ties within the network (Frasquet et al., 2018; Grewal, Lilien, & Mallapragada, 2006). Important aspects of network embeddedness are the stability and durability of the relationships between network actors, which are cultivated through consistent trust-building (Frasquet et al., 2018; Granovetter, 1985; Hess, 2004). Generally, network embeddedness is not directly dependent on the geographic location of the actors involved, but the local aspect is rather one of many dimensions that ultimately determine the level of network embeddedness (Hess, 2004).
- **Territorial embeddedness:** This refers to the embeddedness of firms in regions or places, as firms can be strongly influenced or constrained by local regulations, whether economic or institutions (Hess, 2004). For example, a firm becomes territorially embedded if it conducts activities in a foreign place, that require the recruitment of local labor or engagement with local networks (Frasquet et al., 2018). Firms that territorially embed into a place usually also adapt to local customers, partners and other stakeholders that might be relevant for doing business there (Frasquet et al., 2018; Hess, 2004; Nunes & Lopes, 2015).

It can be concluded that being embedded in relevant networks in foreign markets predominantly brings benefits and makes a company an insider in a network (Johansson & Vahlne, 2009). Companies that are not members of relevant networks are seen as outsiders, which might lead to difficulties in the process of internationalization (Coviello, 2006; Johansson & Vahlne, 2009).

3. Methodology

This chapter explains and describes which type of research has been conducted for this thesis and why. Thus, in the following, the methods of data collection, the sampling technique, the data analysis strategy, and the ethical considerations will be discussed in detail.

3.1 Data collection

To address the research question, this study uses a qualitative research methodology by conducting nine in-depth interviews.

3.1.1 *In-depth Interviews*

Interviews have been referred to as one of the most powerful ways of understanding other human beings (Fontana & Frey, 1994). In-depth interviews are also one of the most commonly used data collection methods in qualitative research (DiCicco-Bloom & Crabtree, 2006; Roulston, 2010) and can be well-combined with other techniques, such as projective techniques, or content analyses in the case of this specific research (Craig & Douglas, 2005, p. 224). In general, face-to-face verbal exchange seem to be the most frequently used form of interviewing individuals or groups (Fontana & Frey, 1994). They can serve multiple purposes, such as receiving data for marketing purposes, researching for academic objectives, gathering political insights, researching for medical purposes and much more (Fontana & Frey, 1994). The reasons for that is that interviews are a useful research tool to get unfiltered insights into the feelings and thoughts of the interviewee about the topic at hand (Craig & Douglas, 2005, p. 225).

In general, scholars differentiate between three main types of interviews: structured interviews, unstructured interviews and semi-structured interviews (Fontana & Frey, 1994, 2000). When it comes to structured interviews, there is usually a pre-formulated set of questions, leaving rarely any room for variations (Fontana & Frey, 1994). The interviewed has to keep a rather neutral role in that they should not share their own

opinion, and they have the responsibility of leading the pace of the interview (Fontana & Frey, 1994). As there are pre-established questions, there is hardly any flexibility in how the questions are asked (Fontana & Frey, 2000; Rowley, 2012). Unstructured interviews are the complete opposite, as in they leave much room for flexibility (Fontana & Frey, 2000). Although some topics and prompts are predefined, the interviewer can simply let the interviewee speak on the topic at hand and adjust the order of questions based on what works best for the overall dynamics of the interview (Fontana & Frey, 1994; Rowley, 2012). Unstructured interviews usually entail a process where the interviewer first tries to understand the setting and the culture of the respondents, then tries to build trust with the interviewee that is based on a one-on-one interaction and lastly establish rapport before conducting the interview (Fontana & Frey, 1994, 2000). Semi-structured interviews combine aspects of both aforementioned methods. They can take on many forms and vary in the amounts of questions asked, however there is a preformulated set of questions to build the framework of the interview (Rowley, 2012). The predefined questions play an important role for the interviewer, helping to maintain the focus and direction of the interview during the unstructured exchange, while still allowing flexibility in the questions asked, giving the interviewer the opportunity to share additional thoughts that may be helpful in answering the research question (Craig & Douglas, 2005, p. 225; Rowley, 2012). This invites the interviewees to talk about what they feel might be relevant and critical to address in light of the research topic, while giving the interviewer the possibility to stick to a certain set of questions in order to attain all the needed data for the research (Alvesson, 2003).

The reason behind the decision to conduct in-depth interviews for this thesis is the aim of generating extensive insights into the individual social media usage of the interviewed entrepreneurs and how it affects the liability of outsidership during the expansion to foreign markets. Furthermore, it was necessary to tailor the questions to the specific background and situation of the selected SMEs, which is why the aforementioned research approach seemed to be the right choice. The interviews began with questions designed to understand the nature and history of the company, its services and products, the founder, and perceptions of the industry, followed by more specific questions about their internationalization activities, their use of social media, and their challenges stemming from the liability of outsidership. Towards the end of the interviews, the focus

was shifted to the benefits of using social media to address these challenges associated with the liability of outsidership.

The nine interviews were conducted solely by the author of this thesis remote via the videoconferencing platforms Microsoft Teams or Zoom (Muthuprasad, Aiswarya, Aditya, & Jha, 2021), or on-site in the office of the firm. The online interviews were held as synchronous interviews, as they offer more flexibility and highly resemble conventional face-to-face interviews (O'Connor & Madge, 2017, p. 422). They also allow for a real-time exchange compared to asynchronous interviews, which is ideal for semi-structured interviews where the interaction should be both structured but also leave room for spontaneity (O'Connor & Madge, 2017, p. 423; Rowley, 2012). All of the interviews lasted between 40 minutes and 75 minutes.

3.1.2 Unit of Analysis & Unit of Observation

In order to continue with the sampling strategy, it is important to first understand the terms unit of analysis and unit of observation and establish both of them in the context of this research. This is because the decisions about sampling technique and sample size are usually based on the unit that is analysed in a study (Patton, 2002, p. 228).

The unit of analysis refers to the unit which one would like to draw conclusions about at the end of a research project (Fletcher, Zhao, Plakoyiannaki, & Buck, 2018; Patton, 2002, p. 228). As a result, it is the the main entity that is examined and afterwards discussed in qualitative research (Fletcher et al., 2018). In international business research, the unit of analysis can range from countries, regions or cities, up to individuals or firms (Fletcher et al., 2018). More precisely, there are four different categories: social units (e.g. individuals, groups, organizations), temporal units (e.g. events, episodes, processes), geographical units (e.g. regions, cities, countries) and artefacts (e.g. photos, newspapers, books) (Fletcher & Plakoyiannaki, 2011). On the contrary, the unit of observation is the entity that is observed, measured or collected with the goal of learning something about the unit of analysis (DeCarlo, 2015, p. 115)

In this research, both the unit of analysis and the unit of observation are entrepreneurs that have founded and are operating in an innovation consultancy in Austria with a decision-making function. Taking a step back and looking at the research question, the objective of this paper is to explore how the social media usage by entrepreneurs help Austrian SMEs in overcoming the liability of outsidership in the context of internationalization. Therefore, it can be said that the investigated unit is the entrepreneur, their use of social media, the consequential relationships, and the network that form through it. The data is collected through conducting qualitative interviews with the entrepreneurs, which makes them also the unit of observation.

The unit of analysis and unit of observation both facilitate the decision upon the sampling strategy and study sample (Fletcher & Plakoyiannaki, 2011), which are explained next.

3.1.3 Sampling Strategy

Like mentioned above, the primary data was collected through semi-structured interviews with nine Austrian SMEs. This section explains how those nine SMEs and entrepreneurs were chosen.

In general, one can differentiate between two main categories of sampling: probability sampling and non-probability sampling (Koerber & McMichael, 2008). Probability sampling refers to a method where the sample is being chosen in a random manner, which increases the representativeness and adequacy and at the same time reduces the sampling bias (Sandelowski, 1995; Yang, Wang, & Su, 2006). Non-probability techniques, on the other hand, are usually taken into account whenever a researcher is not able to obtain probability samples or when it is not significant to have a high level of confidence (Koerber & McMichael, 2008; Mary Sue MacNealy, 1999, p. 156). With non-probability sampling, the lack of random selection of the sample makes this method much less reliable, and the results are less likely to be generalized to the entire population (Mary Sue MacNealy, 1999, p. 156)

Two of the most used non-probability methods in qualitative research are convenience sampling and purposeful sampling. Convenience sampling is a method that tends towards samples that can be contacted in an uncomplicated way and are readily accessible for the purposes of the research (Koerber & McMichael, 2008). While often being used due to resource constraints, convenience sampling is a simple and resourceful way to sample participants (Koerber & McMichael, 2008).

In this work, the method of purposeful sampling was chosen, which ensures greater reliability of the participants and the data obtained (Patton, 2002, p. 230). Purposeful sampling focuses on certain characteristics or traits that participants have (Koerber & McMichael, 2008). That means, that the researcher is looking at the research objective and chooses the sample purposefully in a strategic manner (Koerber & McMichael, 2008; Patton, 2002, p. 243). As this study is investigating what role the LinkedIn usage by entrepreneurs plays in overcoming the liability of outsidership of Austrian SMEs during internationalization, the sample was chosen based on the goal of this study.

The sample chosen includes nine founders or co-founders of Austrian SMEs that all have been and are involved in the growth and internationalization strategy of the respective firm. More specifically, the sample consists of eight founders and one co-founder. This study only considered entrepreneurs that have a decision-making force within the company and co-determine the internationalization processes of the firm. It was ensured that the interviewed entrepreneurs work in companies that operate in the same industry for comparison purposes. All nine firms drive innovation processes forward and form the mediating force between corporates and the dynamic world of entrepreneurs and startups, hence operating in the innovation consulting industry. A key criterion in the company selection was that they currently already have customers in foreign markets. Additionally, it was important for this research to ensure that both the company, as well as the interviewed entrepreneur have a LinkedIn profile that is used actively and regularly. Last but not least, the entrepreneurs and companies were chosen based on their readiness and availability for an interview.

The choice of entrepreneurs from the innovation consulting industry as a sample for this research was not based solely on convenience, but also on the nature of these firms,

which makes them relevant to the research objective. Innovation consulting firms operate in a dynamic and rapidly evolving industry characterized by continuous technological advances, disruptive market situations, and high levels of internationalization (Cavallo, Ghezzi, & Guzmán, 2019; Ghezzi, Cavallo, Sanasi, & Rangone, 2022). As networks can be an accelerator for innovation activities (Mannucci, 2017; Scuotto, Del Giudice, & Carayannis, 2016), innovation consultants often play a pivotal role in connecting their clients with external partners, customers, and experts, making them dependent on effective networking strategies. Therefore, examining how social media platforms such as LinkedIn can support firms in this specific sector not only provides practical insights for innovation consulting firms themselves, but also contributes valuable knowledge that can be applied to a wide range of industries facing similar challenges in today's global economy.

Regarding sample size, scholars are agreeing that there is no rule of thumb in qualitative research, as the results are more important than the sample size (Koerber & McMichael, 2008). Fletcher et al. (2018) similarly claim that information richness is to be prioritized over the sample size when it comes to qualitative research. Many scholars agree on the fact that in qualitative research, it is difficult to define a guiding rule of thumb regarding sample size as the principle should be the concept of saturation (Baker & Edwards, 2012; Malterud, Siersma, & Guassora, 2016; Mason, 2010; Patton, 2002; Sandelowski, 1995). Saturation happens when the researcher notices in the course of the research that he or she no longer receives new information that complements the findings that have been made up to that point (Malterud et al., 2016). In order to reach that point, researchers have to repeatedly analyze the gathered data through the course of the research (Koerber & McMichael, 2008). It is for this reason, that sample sizes in qualitative studies can range from five up to a hundred interviews (Mason, 2010). For this paper, nine interviews were conducted based on the notion of theoretical saturation as well.

Table 1 provides a brief description of the innovation-related companies under analysis and some facts about their use of LinkedIn. For confidentiality reasons, the businesses, as well as the interview participants are referred to by fictitious names.

	Participant 1 Company W.	Participant 2 Company K.	Participant 3 Company I.	Participant 4 Company B.	Participant 5 Company L.	Participant 6 Company T.	Participant 7 Company F.	Participant 8 Company R.	Participant 9 Company P.
Origin	Austria	Austria	Austria	Austria	Austria	Austria	Austria	Austria	Austria
Business Sector	Innovation Consultancy	Innovation Consultancy	Innovation Consultancy	Innovation Consultancy	Innovation Consultancy	Innovation Consultancy	Innovation Consultancy	Innovation Consultancy	Innovation Consultancy
Age of company	Established in 2013	Established in 1994	Established in 2012	Established in 2014	Established in 2012	Established in 2013	Established in 2017	Established in 2012	Established in 2008
Age of Founder	34 years	72 years	54 years	50 years	49 years	45 years	47 years	58 years	55 years
Years of experience	14 years	45 years	25 years	23 years	22 years	25 years	18 years	37 years	30 years
Start of Internationalization	2015	1998	2012	2014	2012	2013	2019	2013	2008
# of Employees 2022	30	9	5	35	10	7	6	1	6
Headquarter	Vienna	Innsbruck	Vienna	Vienna	Vienna	Graz	Salzburg	Graz	Linz
# of followers on firm LinkedIn in July 2023	3,854	3	730	2,000	411	-	5	-	-
Personal LinkedIn Account Start Date	2012	2021	2007	2013	2004	2014	2017	2019	2012
# of connections on personal LinkedIn in July 2023	500+	57	500+	500+	500+	500+	317	463	500+

Table 1 Key Facts on Study Participants and their LinkedIn Accounts

3.2 Data analysis

The qualitative analysis of the data at hand is based on the principles of the content analysis according to Kuckartz and Rädiker (2022). In the center of this method lies the identification of relevant aspects with the help of a category system and the subsequent systematic evaluation and conceptualization of the results (Kuckartz & Rädiker, 2021, 2022). Due to its open-ended orientation when it comes to results, this form of content analysis seems to be the most suitable for the research question and objective at hand. The category system is derived from the theoretical foundation and is supplemented and revised in the course of the empirical research process. Thus, a deductive-inductive approach is preferred, as according to Kuckartz and Rädiker (2022) both methods have their advantages and the author can better consider new findings from the interviews. The process of the method is described as a flowchart in the following figure.

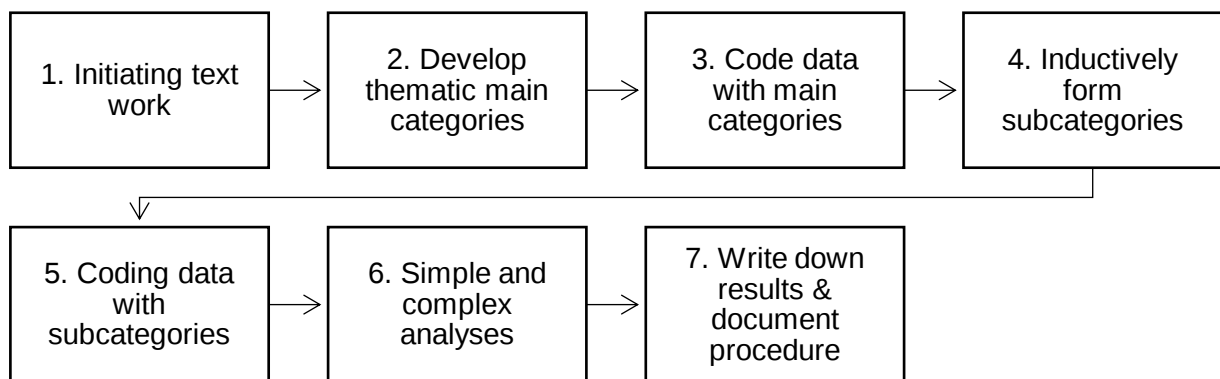


Figure 1 Flowchart of Qualitative Content Analysis (Kuckartz & Rädiker, 2022, p.132) (own illustration)

3.2.1 Initiating text work

In the beginning stage of the data analysis, it is vital to prepare, organize and explore the data in order to get more familiar with it (Kuckartz & Rädiker, 2021). This phase entails the transcription of the conducted interviews, the clarification of transcription rules that will be followed and how the interview texts will be organized in document groups. The exploration of the data is primarily done by reading it intensively a couple of times, adding memos, highlighting important and relevant text phrases and/or paraphrasing certain sections (Kuckartz & Rädiker, 2021).

In order to ensure accuracy in the analysis, all of the interviews were audio recorded, and afterwards transcribed smooth verbatim with the knowledge and permission of the informant, making the interpretation and filtration of information easier. This means, that the transcription was more or less done word for word, while leaving out expressions such as uhm, ah, or similar ones, that do not add any meaning or value to the content (Mayring, 2014). The transcription process was supported by the software otter.ai which leverages artificial intelligence and machine learning to transcribe voice messages of any sort (“otter.ai”, 2022). In order to ensure the accuracy of the automatic transcription by the software and eliminating potential mistakes done by the technology, the transcriptions were reviewed manually once more by reading them and listening to the interviews simultaneously, correcting discrepancies.

Additionally, the sociodemographic and relevant background information of each interviewed individual was recorded in the so called document variables section within MAXQDA. This enables an easy and quick access to the necessary information when needed.

In a next step, the interviews were roughly read through and scanned, enabling the author to reflect on potential preconceptions and similarities between the interviews. Also, important text passages, key terms and relevant sections that could be of relevance later in the analysis process were marked in different colors for easier access later on.

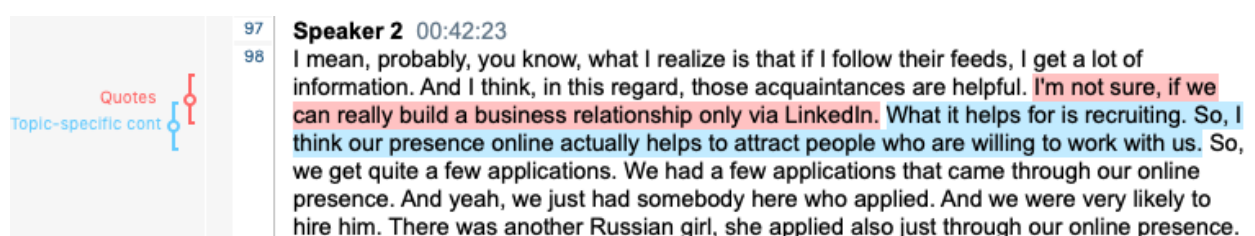


Figure 2 Highlighted Text Passages

As a result of the thorough exploration, the author has a number of memos, annotations, and analysis ideas available, which enables a smooth further process of data analysis and the formation of suitable categories.

3.2.2 Development of main categories and first round of coding the data

Following the thorough data exploration is a systematic evaluation of the collected interview data through the development of codes and categories (Kuckartz & Rädiker, 2021). As defined by Saldaña (2015), *„A code in qualitative inquiry is most often a word or short phrase that symbolically assigns a summative, salient, essence-capturing, and/or evocative attribute for a portion of language-based or visual data”* (Saldaña, 2015, p. 4).

Saldaña (2015) additionally highlights that qualitative codes play a crucial role in emphasizing the essential aspects of the research narrative. Grouping different codes together based on certain similarities can simplify the process of defining categories and identifying common patterns (Saldaña, 2015, p. 9).

In the literature, there is no clear way of differentiating between the meaning of codes and categories, as different streams of research assign different meanings to each of them (Kuckartz & Rädiker, 2022). When it comes to the use of those terms, researchers agree that data is being coded with the help of certain tools, which may be either codes or categories, and those tools develop over the course of the research work (Kuckartz & Rädiker, 2021).

For the purposes of this paper, the term category will be mainly used to describe the grouping of similar statements done in the interviews. However, one must keep in mind that there is no distinction between codes, categories, themes and so on in the used software MAXQDA (Kuckartz & Rädiker, 2021). This means, that the terms are used as synonyms in this paper.

After scanning the interviews, reflecting on similarities between them, marking important text passages and relevant sections, as well as looking at the interview guide that has

already been split into thematic sections, four themes and ten main categories were defined.

Theme	Main category	Definition	Coded segments
The use of LinkedIn	Personal activity	Statements about personal, as well as company use of LinkedIn.	93
	Potential opportunities	Statements on the potential minimization of liability of outsidership and potential improvement of one's network through through active use of LinkedIn.	11
	Experienced limitations	Statements on the experienced limitations and shortcoming of using LinkedIn, especially in relation to the liability of outsidership.	49
	Experienced benefits	Statements on the experienced opportunities and benefits of using LinkedIn, especially in relation to the liability of outsidership.	52
Liability of outsidership	Personal experiences	Statements about own experiences on liability of outsidership, especially in foreign markets, and how this has affected the person or the company.	13
	How networks help overcome it	Statements about experiences where networks have helped in different ways to overcome the liability of outsidership.	24
Networks	Communication channels	Statements about how the interviewed person communicates with his or her network and which channels are leveraged most often.	18
	Network perception	Statements on the subjective perception of the own network position in the Austrian market, as well as in other markets in which the companies are active.	32
Internationalization	Customer acquisition	Statements on the different types of customer acquisition experienced in markets other than the home market.	34
	Operations in foreign markets	Statements on operations in markets other than the home market, meaning Austria in all cases.	25

Table 2 Themes and main categories

3.2.3 Inductively form subcategories and code the data

After the initial coding process with four themes and ten main categories, the next step in the content analysis is to differentiate the categories into more specific subcategories (Kuckartz & Rädiker, 2022).

To create subcategories, one main category is chosen at a time. All of the text passages related to that category are then compiled into a list in an unorganized way (Kuckartz & Rädiker, 2022). Through the use of the content analysis software MAXQDA, this process was automatically conducted by the program.

Afterwards, subcategories are created using inductive category formation, initially compiling them as an unordered list. The list is then organized and relevant dimensions are identified, with subcategories potentially combined to form more general ones. The subcategories are then given definitions in order to ensure clarity when assigning them to text passages (Kuckartz & Rädiker, 2022).

Important to note here, is that the process of fine coding and forming subcategories is not arbitrary and one must consider several important aspects (Kuckartz & Rädiker, 2021). Among other guidelines, one must stay attentive to the nuances of the data, avoiding over-categorization, considering the relevance and usefulness of each subcategory (Kuckartz & Rädiker, 2021). There has to be a balance in the need for differentiation and the need for coherence and simplicity. In other words, one has to question the creation of each additional subcategory, otherwise it can become difficult to draw clear conclusions from the data (Kuckartz & Rädiker, 2021).

As previously mentioned, the interview guide divides the whole interview into four thematically different parts. As indicated in the previous chapter, the analysis of the interviews is carried out by coding the different segments. The hierarchical code system with four codes, ten categories and respective subcategories is visualized in Figure 3.

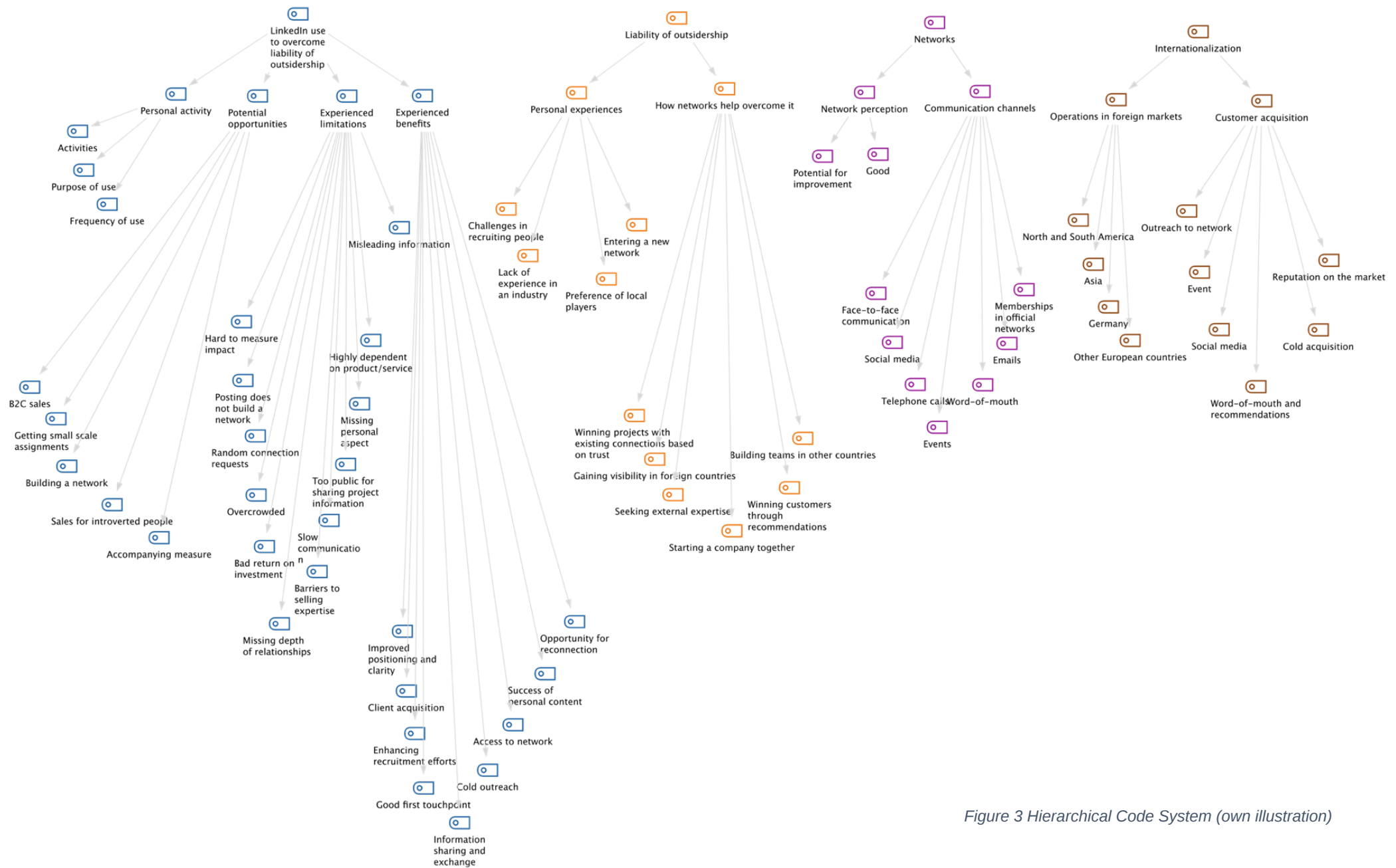


Figure 3 Hierarchical Code System (own illustration)

3.2.4 Simple and complex analyses

After the second and more detailed coding process, this phase involves conducting simple and complex analysis and preparing for the presentation and interpretation of the collected data (Kuckartz & Rädiker, 2022). The focus lies on themes and subthemes that have been identified throughout the coding processes (Kuckartz & Rädiker, 2022). One can distinguish between various forms of data analyses, which are arranged clockwise in the following figure (Kuckartz & Rädiker, 2022).

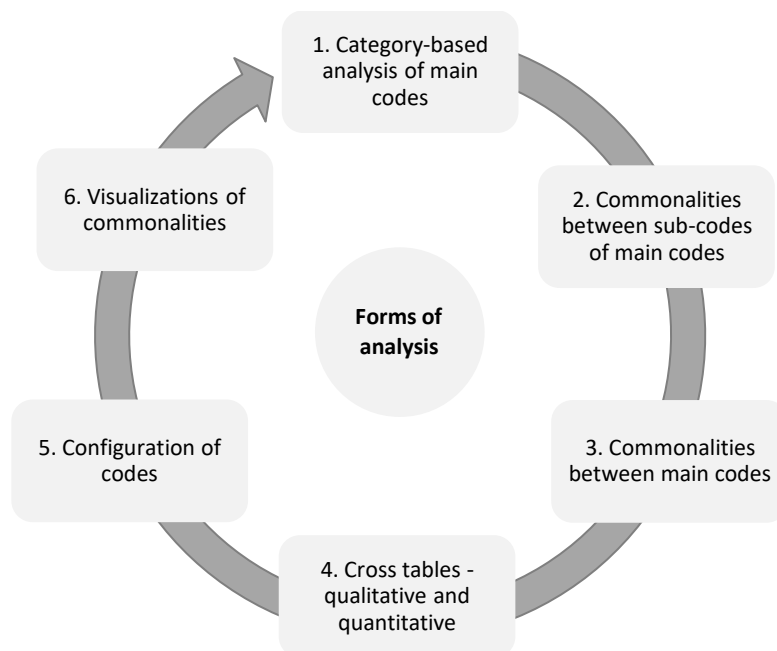


Figure 4 Simple and Complex Analyses by Kuckartz & Rädiker (2022) (own illustration)

It is important to emphasize that the analysis methods above are possible ways to approach data analyses, meaning that it is neither necessary nor required to use all of them in one study (Kuckartz & Rädiker, 2022). While the category-based analysis of main codes is the starting point for analysis in most studies, different analysis methods may follow depending on the research topic at hand (Kuckartz & Rädiker, 2021). The approach used for this work is the creation of a table collecting all codes into a common sheet, and doing a category-based analysis of the main codes. Afterwards, commonalities in sub-codes between participants are identified and significant

peculiarities are taken into consideration in the interpretation of the data (Kuckartz & Rädiker, 2022).

3.3 Qualitative criteria

Among others, scholars consider detailed transcription, systematic planning, and coding as important activities to ensure trustworthiness in qualitative research (Gunawan, 2015). In this study, detailed transcription of the conducted interviews was done with the help of the artificial intelligence software otter.ai as well as a personal sense check by the researcher. In addition, it can be assured that the interviews yielded the best and most honest results possible, as it was ensured that the participants knew they would be anonymized in the final thesis, and that the questions were asked in a non-leading manner. Finally, MAXQDA software was used to ensure a systematic coding process, with the goal of simplifying the process and obtaining high quality results.

3.4 Ethical considerations

In the process of collecting data from the sample of nine entrepreneurs in the innovation consulting sector in Austria, the researcher used a procedure of anonymization for both the participating companies and the interviewees. Anonymization was used to protect the identity of the participants from disclosure. The researcher exercised caution in handling the insights and opinions of the participants that were not disclosed. In this study, the companies were referred to as "Company X", while the interviewees were referred to as "Participant X".

4. Findings

This chapter presents the outcomes of the qualitative data collection and analysis conducted for the current study. It includes the presentation of the findings, accompanied by a graph summarizing the relevant themes and categories for the topic at hand, as well as a detailed discussion, comparing the findings to the existing literature summarized in the beginning of this thesis. In line with the interpretivist research paradigm adopted in this study, the findings are supplemented with quotes from the interviews, facilitating a deeper understanding of the data (Leppäaho, Plakoyiannaki, & Dimitratos, 2015).

The qualitative data collection of this study included nine interviews with founders of Austrian SMEs, ranging between two and 35 employees. The chosen companies are all operating in the innovation consultancy sector, which allows for a clearer comparison when it comes to the topic of networks and liability of outsidership experiences. After collecting qualitative data, four main themes, ten primary categories, and 57 subcategories emerged. The most relevant two themes are “Liability of outsidership” and “LinkedIn use to overcome liability of outsidership”. In there, the most relevant categories we will take a closer look at are “Personal experiences” (of the liability of outsidership), “Experienced benefits” and “Experienced limitations” (of LinkedIn use).

The research question is *“What is the role of LinkedIn in overcoming the liability of outsidership of Austrian SMEs in the context of internationalization?”*. As a result, the focus of the findings will predominantly revolve around those three categories. It is important to note that only the most frequently mentioned subcategories are analyzed during the discussion of the findings, as there may be topics that were mentioned by only one or two entrepreneurs. Also, the labeling of the subcategories may be slightly different from the original code names, which was done for better understanding.

This chapter aims to present the experiences the interview participants had when it comes to liability of outsidership in the context of internationalization, as well as to which extent the use of social media did or did not help to overcome it.

What is the role of LinkedIn in overcoming the liability of outsidership of Austrian SMEs in the context of internationalization?

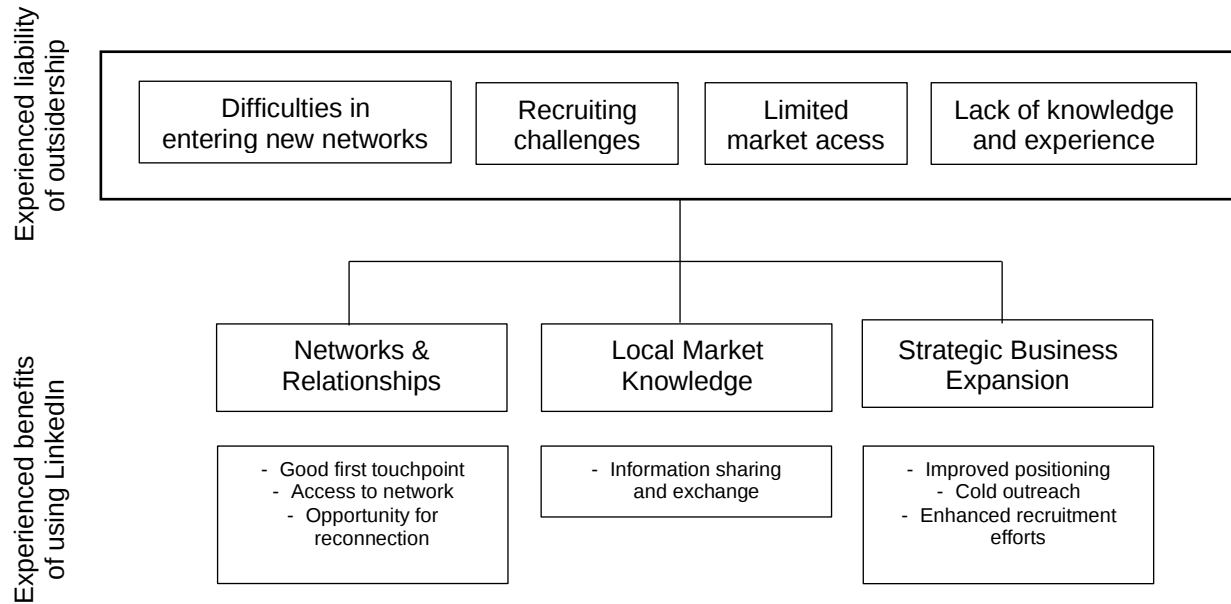


Figure 5 Experienced Liability of Outsidership & Experienced Benefits of using LinkedIn

4.1.1 Experienced liability of outsidership

This subsection will dive into the different situations where the interviewed entrepreneurs experienced liability of outsidership. Four different main themes of experienced liability of outsidership were identified in the process of the qualitative data analysis in the form of interviews. The interviewed entrepreneurs experienced the liability of outsidership in the context of internationalization mainly in the form of difficulties in entering new networks, a lack of knowledge and experience in a specific industry, difficulties in recruiting people, and limited market access due to the preference of local players.

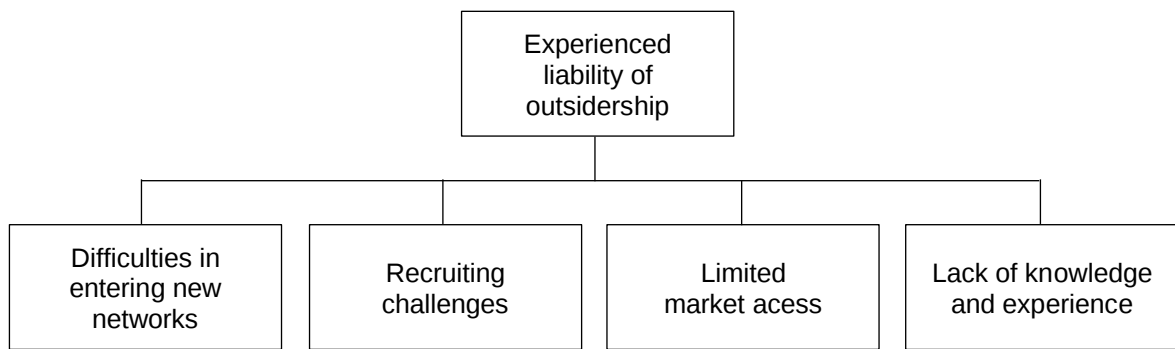


Figure 6 Different Experiences of the Liability of Outsidership

Difficulties in entering new networks

One of the findings of this study is that, among other shortcomings, having little or no contact with relevant network players poses challenges when it comes to winning new customers, such as through EU tenders. In particular, when competing with other firms for a customer, companies that had a stronger relationship with potential customers seemed to have a better chance of winning the offer.

Participant 9: *“For example, the Chamber of Commerce of Lower Austria wrote to 3-4 companies to make an offer for such a series of workshops. The deadline was very short, which was very irritating. I should have said “Oops, we can’t do this anyway”. But we tried anyway, and then we didn’t get it. We were just not in touch enough with the customer; the others simply had better contacts.”*

Another interviewed entrepreneur described a similar phenomenon, namely that there had been cases in the past when he had participated in EU projects that made him feel uncomfortable, that when there was an opportunity for new projects in the past, factors such as political influence or scientific influence overruled his position in the network. This resulted in him only accepting projects in circumstances he felt comfortable in.

Participant 2: *In the past, yes (I felt like an outsider in a network). [...] For example, on EU projects, where I’ve done committee meetings all over Europe. I thought there are fixed goals and an essential structure of the project. But then it suddenly looked*

completely different, for example because of political influence or influence from science. I then noticed that those are empty miles. So, if I don't feel comfortable in the network, and I don't know if I can represent my position there, then I just don't do it.

Another interviewee emphasized that the degree of possible integration into a network depends on its reaction and willingness to accept new members. Here, it seems in his experience, events or workshops are usually a good first point of contact to meet people from new networks, but these events usually only allow for superficial interaction. Also, there seems to be a tendency for new connections to get lost after these events.

Participant 5: *“Obviously, if you step into new existing networks, then you are new, and you don't know so many people. But then depending on the reaction of these networks... I mean, are they open? Are they interested? Is it a more closed community? [...] Having workshops, and keynotes and so on, I can deal there quite well. [...] But often it's not that close; usually they are not that interested in the person but rather in knowing about the technologies or about the businesses. And that's it. And then it's also over after a time, in the sense the event is over; and usually the connections are somehow dormant until the next event.”*

In summary, there has been a tendency in the interviewed entrepreneurs of experiencing the challenges that come with a lack of network embeddedness in relevant networks of new markets. This becomes particularly evident when they compete against firms that have established prior contact or have stronger relationships with customers. The challenges of entering new networks therefore directly influence the operational activities of these companies.

Recruiting challenges

The liability of outsidership can also show in the form of challenges in recruiting people abroad when trying to build up a team in a new market.

Participant 1: *“Where the network becomes relevant is, for example, for recruiting. So, in Austria, we can way better recruit, because we have a good network and people recommend job seekers to come to Company W.. In Germany, that does not happen. That's why we have always failed to build up a team in Germany.”*

Participant 1 is highlighting the importance of a strong local network in the success of recruitment efforts. The quote suggests that Company W. had faced challenges in building a team in Germany despite having a customer base in the German market. This implies that the company struggled to attract suitable candidates for employment.

However, in Austria, their home market, recruitment is described as working more smoothly, which Participant 1 attributes to their established network in Austria. This network not only facilitates recommendations but also attracts candidates through word-of-mouth.

In summary, Participant 1 suggests that having a strong local network plays a vital role in recruitment success. It can help in getting recommendations, positive word-of-mouth and thus finding qualified candidates.

Limited market access

Especially when it comes to internationalization, firms often face the difficulty of competing against locally established organizations.

Participant 3: *“I think many countries know us through the La Futura network. So, I think it's something that we probably should leverage more. [...] But, you know, I have a network in the US, a smaller one. And then more international in the pharmaceutical field, through my corporate past, and then also La Futura... and you know, some other circles I'm part of. But if an American or Singaporean corporate for example wants to do something with innovation, we would probably not be the first they would approach. For sure not. I mean, I'm not saying that this cannot happen, but this would be rather a coincidence.*

In this quote, Participant 3 addresses their collaboration with the La Futura network which helped the company access new markets such as Dubai, Shanghai or others. However, Participant 3 is highlighting that if a company would want to work on innovation and does not know Company I. yet, they would probably choose a locally established organization. This statement implies that internationalizing companies that are not yet embedded in a specific network experience some form of downfall by losing projects over local firms.

Lack of knowledge and experience

As well as the other mentioned experiences, some of the interviewed entrepreneurs experienced the liability of outsidership in connection to their lack of knowledge and expertise in a certain country or industry.

Participant 2: *"Building networks has a lot to do with experience. And of course, also with network partners who simply grow with you over time. And if you don't have this experience, then you simply do projects where you say afterwards, "I shouldn't have done that."*

This quote refers to the concept that experience is essential in building a network. However, in order to gain experience, especially in a new industry or market, a network can be very helpful for synergies and professional exchange. Participant 2 highlights the negative consequences that can result from a lack of experience, particularly in the form of projects for which they are probably not qualified.

Participant 5: *"This local knowledge and seeing that you have already worked in this country before is quite important. Ten years ago, it was sometimes more important to have expertise in the industry. But this changed - at least in my experience - more to that you have an understanding of the specific cultural situation in this country. [...] So, often they say "yeah, but do you have experience in our industry", and this is when we say no. Sometimes we have, sometimes we don't. But actually, this is good, that we are not the expert or that we don't know your industry so well because then you have a very different perspective on it."*

This quote refers to the shift that has taken place over the last decade, where the emphasis has shifted from industry knowledge to cultural knowledge in the context of foreign countries. In general, Participant 5 sees this shift as positive, but he has experienced circumstances where potential clients have asked for experience in their specific industry. So, while there has been a shift in importance from industry knowledge to cultural knowledge, customers still perceive industry knowledge as important when working with a firm in the area of innovation processes.

Participant 3: *“We were thinking about entering the real estate market for quite some time now. And we never found the right angle to do that. [...] I teach design thinking for urban planning, but this is not enough to really enter a new market that we have no experience at all with basically... because with real estate development, we have very limited experience. So, to partner up with somebody who is actually well established there, I think that is a good and smart move. I think this gives us so much more leverage in that market. And thinking about real estate, I think we did not have the network.”*

Participant 3 underlines the challenges associated with venturing into a new industry with no prior experience. Despite her role as a lecturer in design thinking for urban planning within an academic institution, she acknowledges that theoretical knowledge alone is not sufficient to enter that new market. In her view, identifying relevant network participants with both industry expertise and established reputations plays a crucial role in facilitating entry into the market. However, Company I. initially lacked access to such a network when they wanted to enter the real estate sector.

In summary, experience and networks seem to be very important when venturing into new industries or markets. A lack of experience can be detrimental and prevent qualification for certain projects. While there has been a shift towards valuing cultural knowledge, customers still consider industry knowledge important when working with companies involved in innovation processes. Establishing links with industry experts and reputable firms plays a crucial role in facilitating market entry.

	Experiences related to liability of outsidership
Difficulties in entering new networks	The interviewed entrepreneurs faced difficulties due to a lack of network connections in new markets, which made it difficult to compete with established firms and affected their operational activities.
Recruiting challenges	A strong local network plays a vital role in recruitment success. It can help with referrals, positive word-of-mouth and finding qualified candidates.
Limited market access	Internationalizing companies that are not yet embedded in a specific network tend to lose projects to local companies.
Lack of knowledge and experience	Experience is a critical factor for success in new industries or markets, as it enables qualification for projects. Cultural knowledge and industry expertise remain important considerations for clients, making connections with experts and reputable firms crucial for market entry.

Table 3 Summary of Experienced Liability of Outsidership

4.1.2 Experienced benefits of using LinkedIn

As mentioned in the introduction of this chapter, the research question of this thesis focuses on how the use of LinkedIn by entrepreneurs helps to overcome liability of outsidership in the context of internationalization. A glimpse of those gains initiated by the use of LinkedIn will be shown in the following chapter. Scholars have already discussed how LinkedIn can be a supportive measure in the business context. In addition to providing the opportunity to interact and connect with other individuals in an unlimited way (Fischer & Reuber, 2011), social media such as LinkedIn allows companies and individual entrepreneurs to make their presence visible to a wide network and to exchange with network actors (Drummond et al., 2018). In addition, it allows to establish connections with potential business partners and to easily stay in touch with them (Sigfusson & Chetty, 2013). This chapter aims to identify the ways in which LinkedIn supported the interviewed entrepreneurs in their internationalization process. The overarching categories identified are Networks & Relationships, Local Market Knowledge and Strategic Business Expansion. In addition, a number of subcategories were also identified in the interview process. Figure 7 illustrates the identified benefits of using LinkedIn. In addition, the subcategories and related quotes are presented to give the reader an overview.

“What is the role of LinkedIn in overcoming the liability of outsidership of Austrian SMEs in the context of internationalization?”

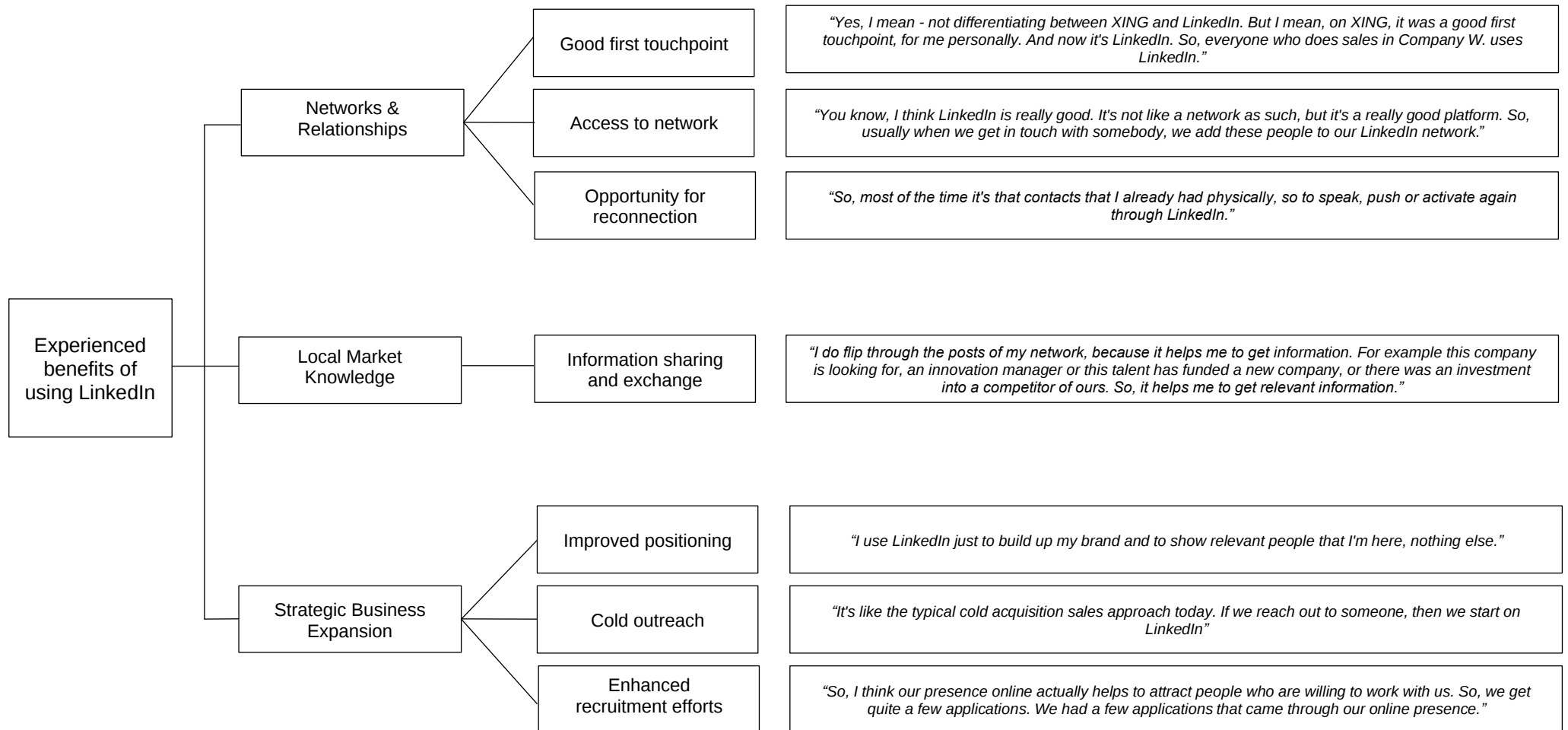


Figure 7 Experienced Benefits of Using LinkedIn

Networks & Relationships

Access to one's network and the ability to build relationships is seen by all nine interviewed entrepreneurs as an important factor in how the use of LinkedIn helps in overcoming the liability of outsidership in the context of internationalization. The author of this paper identified three subcategories through which networks and relationships can be made and maintained through LinkedIn, all four of which were coded the most during the interview analysis.

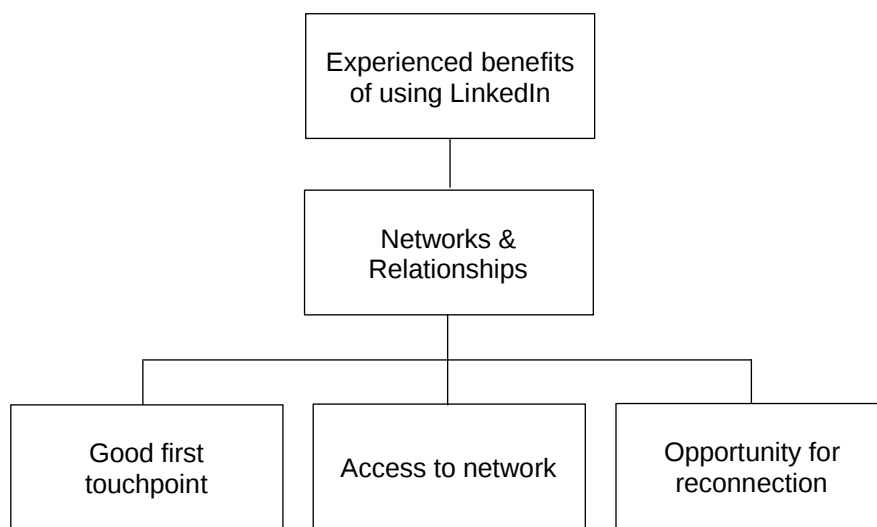


Figure 8 Networks & Relationships

Good first touchpoint

One way in which the interviews revealed that the use of LinkedIn can assist in overcoming the liability of outsidership is in the ability to initiate contact and to have a first touchpoint with a network actor through the platform.

Participant 4: *“To get in touch with new contacts... for those situations it works well.”*

This finding is consistent with existing literature, such as that of Sigfusson & Chetty (2013), Drummond et al. (2018) as well as Almeida & Santos (2020), who emphasize in their work that social media is especially useful when it comes to connecting with people where there is a geographical barrier.

Participant 1: *“Yes, I mean - not differentiating between XING and LinkedIn. But I mean, on XING, it was a good first touchpoint, for me personally. And now it's LinkedIn. So, everyone who does sales in Company W. uses LinkedIn.”*

Similarly, some interviewees, such as Participant 1, expressed that using LinkedIn to create a first point of contact with new contacts, such as potential customers, was a successful way to find customers in new markets. In the case of Company W., this was how the internationalization of the German market was initiated.

Participant 1: *“LinkedIn helps us to get to know people and get to meet people. And that is what I would consider networking. So it's, yeah, it is kind of the door opener. But then the real interesting stuff happens outside of it.”*

On the other hand, Participant 1 also emphasizes that while LinkedIn is a useful tool for getting to know people and as a first touchpoint, or as they call it, "a door opener," the consequences of that first touchpoint, i.e. deepening the relationship or even working together on a project, happen in real life and not on LinkedIn itself. Gloor et al. (2018) support this finding in their work, claiming that the accumulation of so-called connections on online social media platforms does not necessarily lead to a company's success, and that the strength of connections made on social networking sites can only be as strong as the real-life bond with that person.

Access to network

A key benefit of using LinkedIn is the access to an extensive network that proves invaluable in the context of internationalization.

Participant 3: *“You know, I think LinkedIn is really good. It's not like a network as such, but it's a really good platform. So, usually when we get in touch with somebody, we add these people to our LinkedIn network.”*

This vast network can be leveraged in a variety of ways, such as forming new business partnerships, connecting with potential customers or employees, and ultimately reducing the liability of outsidership.

Participant 5: *"So, I met some people through a project in Hungary - from companies and from university, and then I connected with them (on LinkedIn). And then I saw in their connections some other people, which I heard of, but maybe didn't work with and then I was trying to connect with them and say, "This guy mentioned you and we have been at university and in your department, would you be interested in connecting?" So yeah, it helps to build the network a bit wider."*

Participant 5 also refers to the opportunity that LinkedIn offers to expand one's network. Specifically, they address the fact that LinkedIn offers a great opportunity to connect with acquaintances of acquaintances through the platform-specific function of seeing common connections with a person. As a result, this helps in accessing more people who may be relevant to the business.

This is also supported by a number of scholars who have found that social media helps in building weak ties, thus laying the foundation for rapid internationalization (Fraccastoro & Gabrielsson, 2018; Fraccastoro, Gabrielsson, & Chetty, 2021). At the same time, the majority of entrepreneurs surveyed also shared their concern that connections through LinkedIn are rather superficial and often do not lead to positive outcomes. In their paper, Gloor et al. (2018) question whether connections made and maintained online give a company a competitive advantage and whether this time should rather be spent on actually building the business. Sigfusson & Chetty (2013), on the other hand, found that connecting with potential business partners online helps them to gain an insider position in relevant networks. Fraccastoro & Gabrielsson (2018) emphasize that weak ties can be a great accelerator when it comes to identifying opportunities in new markets in the early stages of internationalization, but when it comes to actually gaining an insider position within a network, strong ties are crucial, which, according to both the literature and the

findings of this research, are difficult to obtain through social media. Especially when it comes to innovations, strong ties gain an importance (Partanen, Chetty, & Rajala, 2014).

Participant 2: *“I also couldn't think of any social media where I could say that I could rely on it exclusively. Accompanying measure, gladly. As a central instrument for building networks, certainly not.”*

Participant 2 argues in this quote that while social media can be a useful tool for networking, one should also actively engage in other activities to build business relationships. They emphasize that it is a helpful accompanying measure.

Participant 3: *“I'm not sure, if we can really build a business relationship only via LinkedIn.”*

Participant 3: *“I think it has a lot of potential. I think we did not leverage it enough.”*

These two statements from the same interviewee, the different quotes from other study participants, and the conflicting literature make it clear that the opinions and findings of different scholars on the topic of the depth of relationships formed through online platforms are quite different, and that more research is needed to clarify the matter.

Opportunity for reconnection

While LinkedIn is a useful platform for making new connections and expanding one's network (Almeida & Santos, 2020; Fraccastoro, Gabrielsson, & Pullins, 2021), it also seems to provide an opportunity to rekindle lost connections. Something that emerged from the interview analysis is that connecting with people on LinkedIn is a good middle ground if you once knew the person well but then lost touch.

Participant 3: *“And sometimes it helps to sort of stay in touch loosely with people that you know really well, but then you lose touch. So, it's easier to reconnect with people you know.”*

However, some people, like Participant 8, use LinkedIn almost exclusively to stay in touch with contacts they have already met in person.

Participant 8: *“So, most of the time it's that contacts that I already had physically, so to speak, push or activate again through LinkedIn.”*

In the interview, Participant 8 emphasized that they do not actively use LinkedIn with the intention of building new relationships, but mostly to rekindle existing connections and to keep up to date.

Participant 3: *“And I realized that LinkedIn is a lot about people and not companies and I think that is what we are learning right now, that all the posts were you share “Okay, so welcome onboard our new employee”, so we get a lot of likes. Because that's a new face, and people start to congratulate me for my company expanding and growing. So, I think it's really good to share personal stuff.”*

Given that personal content receives the highest engagement on LinkedIn, as indicated by the number of likes, comments, and other forms of response, it is reasonable to assume that individuals prefer to stay in touch or reconnect with their existing connections in order to stay informed and take advantage of opportunities to interact, such as sending messages. However, the current literature cannot yet confirm this finding.

Local market knowledge

As illustrated earlier in this chapter, generating local market knowledge is one of three ways that were identified in which LinkedIn helps overcome liability of outsidership. Other

than the Networks & Relationships and Strategic Business Expansion categories, only one subcategory was identified for how entrepreneurs gain local market knowledge through LinkedIn.

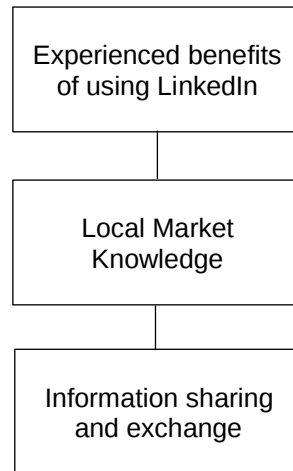


Figure 9 Local Market Knowledge

Information sharing and exchange

Another way in which the liability of outsidership manifested itself was that the interviewed entrepreneurs and their firms lacked cultural knowledge and experience in the new markets. Cultural knowledge and industry expertise are critical to customers, as having experts and reputable firms in one's network is critical to market entry.

Participant 1: *"I do flip through the posts of my network, because it helps me to get information. For example, this company is looking for an innovation manager or this talent has funded a new company, or there was an investment into a competitor of ours. So, it helps me to get relevant information."*

The aspect of using LinkedIn to share and exchange information with one's network and, as a side benefit, gain local market knowledge was one of the most frequently cited benefits of using LinkedIn by the interviewed entrepreneurs.

Participant 5: *“As I said, I see it rather as a way to stay in contact in both directions. So, I see what other people are doing, I can sometimes comment, or write an email saying, “interesting that you change the company. Why? What is it like?”... or also in the other direction that people see what we are doing.”*

Interestingly, sharing information from the company or entrepreneur's side also seems to be a predominant factor when using LinkedIn. Participant 5, for example, mentions that his intention is to keep in touch and stay current, which leads to active communication from both sides.

The findings of this study indicate that LinkedIn is heavily used to gain local market knowledge and to keep up to date with the happenings of people, companies, or information about a market. Existing literature, such as the work of Drummond et al. (2018), highlights how social media can influence an entrepreneurial firm's information search and sharing, and how it helps to engage in information exchange with network actors. Granovetter (1995) and Fraccastoro & Gabrielsson (2018) address how weak ties provide access to new industry-related information and bridge knowledge gaps, which is consistent with the fact that most relationships on LinkedIn are weak ties. Sigfusson & Chetty (2013) as well as Almeida & Santos (2020) state in their work that people also tend to use social networking sites to get information from other users they know only through the social networking site, but also from users they have a real-life connection with. However, Gloor et al. (2019) found that real-life connections can be a very useful source for gaining knowledge and information, while they could not find evidence that weak ties created online on social networking sites add value in this direction. This means that the current state of evidence is contradictory, and more research needs to be done to clarify the matter.

Strategic Business Expansion

Another category in which LinkedIn helps overcome the liability of outsidership is the way it enables a company to expand into new markets and internationalize. The subcategories identified through the nine interviews are: improved positioning, cold outreach, and

enhanced recruitment efforts. This category is primarily concerned with the direct business benefits that LinkedIn use can have during the internationalization process.

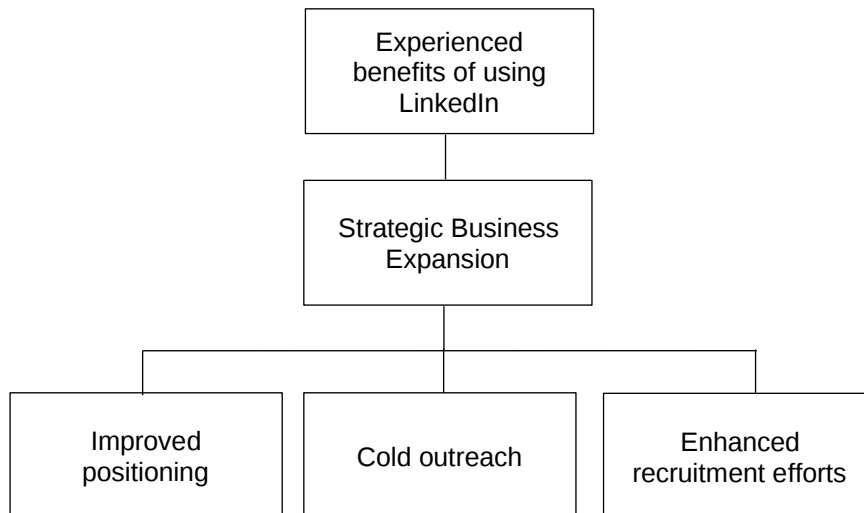


Figure 10 Strategic Business Expansion

Improved positioning

A significant benefit of using LinkedIn to strategically grow their business for all nine interviewed entrepreneurs is that it helps improve brand positioning and clarity through social media marketing. Below are just a few examples of statements from the interviews that illustrate how LinkedIn is being used strategically by the entrepreneurs to position their business and increase visibility.

Participant 6: *“My main goal via LinkedIn is to build up my own brand and to strengthen my own brand.”*

Participant 4: *“Yeah, so Company B. itself has nothing to sell. So, it's more to do marketing and PR, and positioning. Brand awareness, employer branding and so on.”*

Participant 9: *“It's about visibility, sharing information with the professional community that you're networking with.”*

The quotes above illustrate how LinkedIn is used by these entrepreneurs to build brand awareness and be visible to the relevant network. The platform is seen by these entrepreneurs as a marketing tool to strengthen their brand.

Participant 8: *“So yes, we are using it for positioning, yes. But really we're asking that old question - is marketing part of sales or is sales part of marketing.”*

This quote from Participant 8 highlights that while using LinkedIn for positioning is a marketing technique, it goes hand in hand with sales activities, so it is difficult to say whether sales is part of marketing or vice versa.

Participant 1: *“From my perspective, as the owner, it's more positioning the company and then there's always also a little bit of personal positioning, which helps you again to sell your company.”*

In this quote, Participant 1 emphasizes that while active use of LinkedIn helps build and position the company brand, it also helps build a personal brand. As the co-founder and managing partner of Company W., building a personal brand and demonstrating thought leadership on the topic of innovation also supports the company's sales efforts.

Existing literature, such as that of Quinton & Wilson (2016) and Almeida & Santos (2020), confirms that active use of LinkedIn and interaction with other members on the platform can drastically increase brand identity and brand awareness. Almeida & Santos (2020) even claim that it is considered one of the most effective marketing channels for many different types of companies to improve their positioning. When it comes to individual entrepreneurs, the work of Drummond et al. (2018) and Sigfusson & Chetty (2013) highlights that social networking sites can help entrepreneurs build their network identity. In their work, Kietzmann et al. (2011) mention the opportunity for self-branding and promotion on various social media. This goes hand in hand with the idea of the entrepreneurs interviewed building their thought leadership on LinkedIn with the aim of

reaching a broader audience and potentially attracting new customers. When it comes to the actual results of these individual self-promotional activities of entrepreneurs, there is not much evidence yet and more research needs to be done to definitively say that there is an impact.

Cold outreach

Using LinkedIn to reach relevant contacts in a cold messaging approach was cited as a common purpose of use by a majority of the interviewed entrepreneurs. Some of them seem to use it more for sales purposes, while others use it to connect with potential business partners.

Participant 8: *“I have a startup - a spinoff of a university - that I helped in the sales process, and they got their contacts almost exclusively through LinkedIn.”*

Participant 8 mentioned in the interview that they use LinkedIn to find potential customers, even for a startup that they are assisting in the sales process. This is done through a cold outreach approach via messages on LinkedIn.

Participant 1: *“So, there was an event in Frankfurt, which was for innovation managers, and somehow, I received the list of participants. I tried to contact them in advance to schedule a meeting for during the two-day event with them [...]. I used LinkedIn to search for the people that were participating at the event and pre-scheduled meetings with them. [...] And only from this one event, we later won 3 customers [...].”*

This quote shows how Participant 1 used LinkedIn before an important event in Frankfurt with many potential customers in the innovation industry. Having the goal of finding customers in a new market, in this case the German market, they looked at the list of attendees and connected with them via LinkedIn in advance to schedule one-on-one

meetings with them during the event. This cold messaging approach worked in their favor, as they landed three major clients as a result.

Participant 4: *“I am very much involved in finding investors for portfolio companies... venture capital funds, business angels, family offices. And often I think about a perfect fit. But I do not know anybody from this company. So, I find these persons or responsibilities on LinkedIn. And this often helped. I approach them cold so to say... cold call or something like that. And often they come back. Yeah, so it really works out.”*

Similar to the previous examples, Participant 4 uses LinkedIn in a very tailored way, knowing that they want to find investors for portfolio companies and using the platform to find a good fit. The cold outreach often results in a positive outcome, such as a response or even a partnership. The ability to customize LinkedIn's functionality provides a significant advantage by streamlining and accelerating the process of identifying individuals best suited to meet specific objectives.

Participant 3: *“We're trying now to really get a stronger social media presence and sort of really do some cold calls through social media. But it's really tough. To be honest, it's very tough. To really build up a presence online, that really serves this acquisition of new clients... Not sure. They all want to see references. I think the network approach is stronger. And I think, if they hire a new supplier, they would rather ask somebody for a recommendation.”*

In contrast to the other interviewees who mentioned the positive results of their cold messaging approach on LinkedIn, Participant 3 argues that simply making cold calls or sending cold messages via social media is not enough to acquire new customers in foreign markets. They emphasize that in their experience, reaching out to their network or relying on word of mouth works better than having a strong online presence and cold messaging. However, this finding is not currently supported by the existing literature.

Enhanced recruitment efforts

One of the ways in which the liability of outsidership manifested itself was in the difficulty of hiring people in new markets or countries. Specifically, a comparison was made between hiring people in the home market and hiring people abroad to build a new team. In their home market, the participants had the experience of getting referrals or other forms of word-of-mouth through their network, while in other markets they lacked the strong network to do so. A significant benefit of using LinkedIn to strategically grow their business for the entrepreneurs interviewed is its use as a recruitment platform. As LinkedIn is a social networking site focused on the professional environment (Andersson & Wikström, 2017; Drummond et al., 2018; Kaplan & Haenlein, 2010; Kietzmann et al., 2011), it is likely that many job seekers use it to see what the job market currently has to offer.

Participant 4: *“We place an advertisement in a newspaper in a weekly or daily in the career corner or wherever. But more and more it turned out that it works via LinkedIn.”*

This quote points to the current trend that job seekers seem to be looking more and more to the Internet and LinkedIn for job openings as opposed to the newspaper. Participant 4 also emphasizes that they find that posting jobs on LinkedIn works well for them.

Participant 3: *“So, I think our presence online actually helps to attract people who are willing to work with us. So, we get quite a few applications. We had a few applications that came through our online presence.”*

Participant 3 suggests that their positioning and brand visibility online helps Company I. in its recruiting efforts. In the interview, they make it clear that they primarily use LinkedIn to build brand awareness and position their company.

Current literature supports these findings, as personal and professional networking on social networking sites has been identified as a widespread job search behavior (Nikolaou, 2014). Furthermore, one of the main purposes of the professional platform LinkedIn is to attract potential future employees (Statista Research Department, 2021). In addition, as noted above, building brand awareness and positioning one's company on social media can expand the company's network and thus help attract suitable candidates. The results also show that LinkedIn facilitates the visible recommendation of working for a company, for example through direct referrals as comments under a job posting. This is supported by a number of scholars who have found that referrals from trusted individuals can lead to positive outcomes for a firm, such as client acquisition or employer branding (Almeida & Santos, 2020; Appel et al., 2019; Ruparel, Bhardwaj, Seth, & Choubisa, 2023).

In addition, the results show that there is a trend for job seekers to search for open positions on the internet and specifically on LinkedIn. Participants also note that finding suitable and qualified candidates through LinkedIn currently works better than through other media, such as the weekly newspaper. It should be noted that LinkedIn is a social networking site that focuses on the professional environment (Andersson & Wikström, 2017; Drummond et al., 2018; Kaplan & Haenlein, 2010; Kietzmann et al., 2011), so it is quite likely that people looking for a job will consider looking at relevant open positions on LinkedIn. Ruparel et al. (2023) found in their work that LinkedIn acts as an intermediary between job seekers and companies looking for employees, and is currently considered the most practical and effective tool for both recruiters and talents (Ruparel et al., 2023).

4.1.3 Limitations of LinkedIn

The most frequently cited limitations that emerged from the interviews are presented in this chapter. The overarching categories identified are the lack of depth in relationships, the overcrowding, and the missing personal aspect. This chapter aims to present the results and relevant quotes by the interviewees for each of the categories.

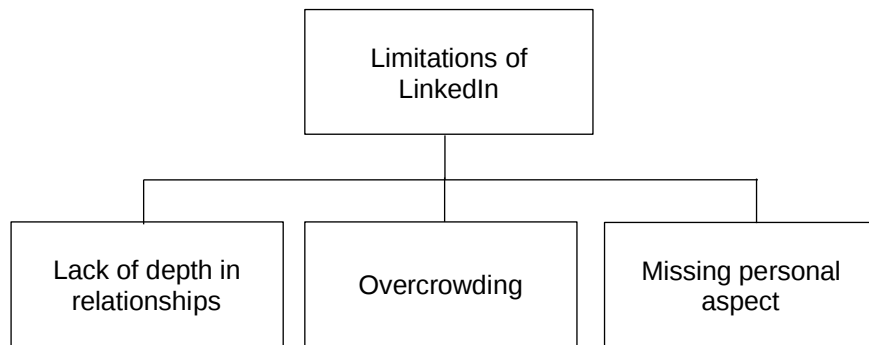


Figure 11 Limitations of LinkedIn

Lack of depth in relationships

While LinkedIn turns out to be a great tool for building weak ties and developing one's network, interviewees expressed concerns about the shallowness of these connections. This concern was particularly expressed in the context of the innovation consulting industry, as the innovation business seems to be a more trust-based business and it seems to be important to build a relationship before getting deep into a project with clients.

Participant 7: *"I have no strong relationships with my network via LinkedIn. [...] And when you get a consulting engagement, you get a lot of trust from your client. They will tell you a lot about their company and perhaps also about themselves personally. You have to establish a basis of trust, which you build up in a face-to-face conversation. That's hard to do online."*

This quote from Participant 7 highlights the phenomenon that the innovation consulting industry requires a foundation of trust that must be built through real-life conversations. They also emphasize that the connections in their LinkedIn network are not strong, but rather shallow.

Participant 2: *"So, the 400 people I know of course all, but largely rather superficially."*

This interviewee apparently has about 400 connections through his LinkedIn profile, but again, they point out that these are superficial.

Participant 8: *“So from my perspective, you can't do that (have an intensive exchange and communicate openly and honestly) through LinkedIn either. LinkedIn is just the contact platform. Whether it becomes a network node is ultimately everyone's responsibility.”*

Participant 8 points out that LinkedIn is a platform that makes it easier to get in touch with people. They stress that it is up to the individual whether it becomes a closer relationship or just an acquaintance. Interestingly, at the beginning of this statement they emphasize that in their opinion it is difficult to have an extensive exchange and honest communication on LinkedIn.

According to the interviewees, working with a corporate client on innovation issues requires a high level of trust that is difficult to convey through an online social networking site. Given that all nine study participants work as innovation consultants, this is an important finding to keep in mind. The work of a number of scholars shows that there is a positive correlation between trust and innovation activities (Kong, Zhao, & Liu, 2021; Lyu, Ma, & Zhang, 2023). Some of the study participants expressed the need for real-life conversations and one-on-one interactions to build a foundation of trust. Another finding is that LinkedIn provides an opportunity to connect or initiate contact with someone, but in most cases it stops there, as the minority of people would go further to actually deepen and strengthen the relationship. This finding is supported by the work of Sigfusson & Chetty (2013) who, in a study conducted on 12 entrepreneurs, found that the subjects with the highest number of connections on their LinkedIn accounts expressed that they had few strong connections in their companies, while the subjects with the lowest number of contacts on LinkedIn stated that they had a high number of strong connections in their company. This means that having a high number of connections on LinkedIn does not necessarily bring any benefits. This notion was also confirmed by Gloor et al. (2018) in

their work, who emphasized that in the real world, weak ties can be a great source of knowledge and information, while no evidence was found that weak ties created on social media add value.

Overcrowding

A prominent concern expressed by the interviewed entrepreneurs regarding their use of LinkedIn is the steady increase in users over time, resulting in a crowded environment. According to their observations, a growing number of people are using the platform primarily for sales-related purposes, which is frustrating to them. As a result, they have been cautious or have stopped cold messaging altogether, perceiving it as potentially intrusive.

Participant 7: *“With the start of the COVID crisis two years ago, so many other consultants went into the LinkedIn network to sell their knowledge. And from my point of view, there are too many consultants and people like me. It is overcrowded, really, overcrowded.”*

It seems that the number of users on LinkedIn has increased, especially in the last three years. Participant 7 refers to the current trend that service providers, such as consultants, tend to write messages to people with the intention of selling their expertise, which makes the environment more difficult to manage as it is quite crowded and people may have difficulty identifying differences in quality.

Participant 6: *“Because to be honest, of course I receive a lot of emails, a lot of messages within LinkedIn where people try to connect to me and write “hey, I sell something. I’m an expert there and I want to stay connected. How are you doing in that area?”... I’m always annoyed about this. Me as a person, I hate it. I hate to hear from these people.”*

Participant 6 describes exactly the phenomenon that the previous quote referred to. Service providers write seemingly inconspicuous messages, however, one quickly becomes aware that they are just trying to sell something and are connecting for a reason.

Participant 1: *“So, that has changed strongly over time, because now our customers receive 10 messages a day. And therefore, they are getting bored of it and don’t want to receive more messages.”*

Participant 1 refers to the cold outreach approach they have been using for sales at Company W. for the past decade. However, due to the aforementioned increase in users and messages, they have been more cautious with the cold outreach approach as it might lead to an annoyance in customers.

The steady increase in users over time, is bringing up concerns in the interviewees as it is leading to a crowded digital space. Just as some of the companies in the study use LinkedIn for sales-related purposes by sending cold messages to potential leads, they are experiencing the exact same thing. While this overflow of other people's messages can be quite frustrating, identifying which people might be relevant to one's business is a more difficult task on LinkedIn today because it requires a better filter. This is a recent phenomenon that has crystallized on the professional social networking site, which is why the literature on the crowding effect on LinkedIn is sparse.

Missing personal aspect

The third major limitation of LinkedIn for networking is that it lacks the personal aspect. Interviewees expressed that while LinkedIn is a valuable tool for basic networking, it cannot replace the importance of personal connections and face-to-face communication. They emphasize the importance of genuine interaction, sympathy, and personal contact as the foundation for building meaningful professional relationships.

Participant 8: *“Well, honestly, but again it’s a generational thing, there’s no substitute for face-to-face.”*

Participant 6: *“I think face to face and real connections... and in best case also something like sympathy is the best base for a connection.”*

Participant 7: *“So my experience - and I think it's the same for many others in my field - is that personal contacts are the way to go.”*

All nine interviewees said that it is important to build trust face-to-face before embarking on a project, especially in the field of innovation, with someone. Sympathy, sincerity and honesty were mentioned as important values in business. In their work, Gloor et al. (2018) emphasize the dominance of real, face-to-face relationships over those that are created and maintained online. They emphasize that an online relationship can only be as strong as the underlying real-world relationship (Gloor et al., 2018). Study participants in a paper by Drummond et al. (2018) also expressed that they found an interaction on social media to be unprofessional and would prefer the more personal interaction in real life. In light of these findings, as well as the existing literature, it is questionable whether the connections made and maintained through LinkedIn are truly helpful in sustainably overcoming the liability of outsidership, or whether they are merely a complementary measure to expand one's network.

5. Conclusion

This chapter concludes the thesis by summarizing the study and answering the research question posed in the first chapter. It also presents the theoretical contributions and how they can be implicated at a managerial level. This is followed by the limitations of the study and potential directions for future research.

5.1 Summary

The aim of this thesis was to analyze the extent to which the use of LinkedIn by founders of Austrian SMEs can support them in overcoming the liability of outsidership in the process of internationalization. Within the research question, it was addressed what are the potential limitations of using LinkedIn with the goal of reducing or overcoming the liability of outsidership. It is important to explore this topic because while there is a wealth of literature on the concept of liability of outsidership and mechanisms to overcome it (Chen et al., 2018; Lagerström & Lindholm, 2020; Schweizer, 2013; Vahlne et al., 2012), there is a scarcity of research linking this concept to the use of social media (Fraccastoro & Gabrielsson, 2018; Fraccastoro, Gabrielsson, & Chetty, 2021; Sigfusson & Chetty, 2013). This study was done by conducting in-depth interviews with nine founders or co-founders of Austrian SMEs that are specifically active in the innovation industry, mostly as consultants to companies. The results of the study and the theoretical background enabled the author of this study to identify seven concrete benefits of using LinkedIn, six of which were perceived by the study participants as helpful in reducing the challenges associated with the liability of outsidership. Providing access to a network, a good first point of contact, information sharing and exchange, improved positioning, cold outreach and enhanced recruitment efforts are the identified opportunities of using LinkedIn when it comes to overcoming the liability of outsidership in the context of internationalization. It should be noted that the results of this study must be seen as related specifically to the nine entrepreneurs and companies selected for the study, so the results are not generalizable.

Access to network is the first benefit of using LinkedIn to overcome the liability of outsidership identified in this study. This benefit suggests that LinkedIn provides direct

access to a broad network and is a great help in building weak ties. It seems to be a common practice to add people to LinkedIn that one has met in a business context in real life. In addition, LinkedIn's ability to show specific information about people as well as common connections with them helps to identify who might be potentially important or relevant to one's network. This access to a broad network also assists in recruiting locally and in new markets through the ability to receive referrals from relevant LinkedIn connections. It should be noted, however, that both the findings and the literature show that the connections made through LinkedIn tend to be rather shallow, which makes their usefulness in truly overcoming the liability of outsidership questionable.

Providing a platform for a first touchpoint was identified as another benefit of using LinkedIn as an entrepreneur. Specifically, before an important event in a new market, contacting relevant people on LinkedIn through short messages was found to be very helpful. This way, a connection and interaction takes place beforehand, which can be a competitive advantage in the actual situation, especially when there is usually a geographical distance. Whether this small advantage is enough to overcome the liability of outsidership is a question that needs to be addressed in further research.

The third benefit of using LinkedIn during internationalization is information sharing and exchange. The social networking site is used extensively as a source of market knowledge, company news, and to keep in touch with individuals. Users tend to see it as a way to keep in touch in both directions, i.e. as a way to share their own updates and see what is happening with other people and companies, and as a byproduct learn more about the market. As one of the reasons for experiencing the liability of outsidership as an internationalizing firm is the lack of market-specific knowledge (Johanson & Vahlne, 2009), this identified benefit is a great opportunity to reduce the liability of outsidership in a foreign market.

Improving the positioning of the company as well as one's own positioning as an entrepreneur was identified as the fourth benefit of using LinkedIn to help overcome the liability of outsidership. Interestingly, this was the most frequently mentioned benefit, perhaps because social media marketing and social selling is becoming an increasingly important topic. The participants emphasized their intention to build a brand and promote

their services on LinkedIn in order to increase brand awareness. In addition, some of the entrepreneurs are using the platform to build a brand for themselves and to demonstrate thought leadership. In many cases, both of these initiatives have resulted in people reaching out to them or relevant networks in new markets already knowing about them. Furthermore, the increased brand awareness helped the study participants find potential future employees because they already had a name in the industry.

Cold outreach is a fruitful opportunity on LinkedIn that was used extensively by the entrepreneurs interviewed and their teams. That is, they identify relevant business partners or potential customers by browsing LinkedIn or looking through shared connections and sending messages to relevant individuals with the goal of establishing some type of collaboration. For the interviewees, this strategy has repeatedly led to business partnerships or customer acquisition, which helps to gain market access in other countries, thus reducing the liability of outsidership.

The sixth and final benefit of using LinkedIn is that it greatly enhances local and new market recruitment efforts. This is because job seekers tend to look specifically for open positions on LinkedIn, as it is an established professional network. According to the results, searching for suitable candidates through LinkedIn works better than through other media, such as a newspaper. This finding suggests that using LinkedIn for recruiting helps build a team in a new market, thereby reducing the liability of outsidership.

While the six benefits of using LinkedIn discussed above have been shown to impact liability of outsidership in a variety of ways, the results of this study do not clearly indicate whether these benefits are sufficient to actually overcome the liability of outsidership or merely reduce it. This interpretation stems from the fact that all nine study participants also expressed some challenges and concerns when it comes to LinkedIn and the relationships they form through the platform.

A major concern is the lack of depth and personal touch in the connections made through LinkedIn. Trust, a critical element in innovation consulting, is difficult to establish through an online networking site such as LinkedIn alone. Participants expressed a preference for real-life conversations to build trust, and having numerous LinkedIn connections does

not necessarily translate into meaningful benefits, as highlighted by previous research. Furthermore, the study participants emphasized the importance of a personal aspect to business relationships, which they felt was lacking on LinkedIn. Face-to-face interactions were seen as essential before embarking on collaborative projects, and online relationships were seen as weaker than their real-world counterparts. In addition, the growing number of users on LinkedIn has led to a crowded digital space, making it difficult to filter relevant connections from the influx of messages. Some participants found this overwhelming and questioned whether LinkedIn connections really help to sustainably overcome the liability of outsidership, or whether they merely serve as an additional means of expanding one's network.

5.2 Theoretical contribution

This study aims to make a theoretical contribution by filling the research gap identified in the current literature. As firms become more internationalized and the world becomes more connected through social networking sites, it is important to understand how social media can support the internationalization process by reducing the liability of outsidership. So far, researchers have focused on the concept of the liability of outsidership and mechanisms to overcome it. Scholars have also looked at how social media can help leverage connections and build networks. However, there is a significant gap in research that links the concept of liability of outsidership with the use of social media. It was also apparent that even fewer scholars have approached the topic from a network theory perspective.

This thesis attempted to fill the gap of the missing connection between network theory, the liability of outsidership in internationalization activities, and the use of social media, particularly LinkedIn. The results of the study illustrate with real-life quotes which potential activities on LinkedIn are perceived as beneficial during internationalization activities by entrepreneurs. It sheds light on the perspectives of founders or co-founders of Austrian SMEs operating in the innovation sector regarding the issue of the liability of outsidership and how LinkedIn can help to reduce the challenges associated with it. In addition, the study illustrates how entrepreneurs form weak ties on LinkedIn and to what extent they find them useful or not. While the findings of this thesis confirm the existing literature, they fail to provide novel insights in the field of network theory.

5.3 Managerial implications

On a managerial level, the findings of this thesis can help the management of other innovation consulting firms, particularly those with aspirations of international expansion while mitigating the liability of outsidership. In this digitally networked era, the findings of this study can provide invaluable insights that can inform and enhance managerial decision making in various facets of operations and internationalization. Managers are encouraged to consider the potential of LinkedIn to facilitate connections with professionals and firms in their industry or with relevant knowledge or resources. Recognizing the importance of weak ties as bridges to expand their networks and thus mitigate the liability of outsidership, they should prioritize the use of the platform with the goal of expanding their network and forming weak ties. This can be done by sending carefully and uniquely written cold messages to stand out from the crowd, as well as using common connections to build a bridge to new people.

Talent acquisition is another critical concern for managers, and this study, as well as existing literature, provides evidence that LinkedIn as a professional platform facilitates the attraction of potential future employees through employer branding, referrals, positioning, and brand awareness. This insight allows managers to allocate resources to LinkedIn-based recruiting efforts. The study also highlights LinkedIn's role in building brand awareness and improving corporate positioning, a dimension of strategic importance. Managers are advised to weigh the pros and cons of integrating LinkedIn into their branding strategy. The findings can help guide the development of informative and engaging content and engagement strategies that align with the company's expertise and make it more attractive for people to connect. In addition, executives and founders, who are usually the face of their companies, are encouraged to actively share relevant content and educational information from their personal LinkedIn account, as this can spark thought leadership and showcase their expertise. In the long run, this could lead to people reaching out to them directly through the platform, creating another connection.

5.4 Limitations

This study has some limitations due to the author's limited resources. The nine entrepreneurs selected as study participants for this thesis have founded companies that are active in the innovation consulting sector. In addition, the companies were founded in Austria and are SMEs. A qualitative study generally does not aim to provide generalizable conclusions of a certain sample (Penz & Ghauri, 2008). This means, that the findings of this study are only valid for the nine interviewees involved in this research. Therefore, the findings cannot be applied to other firms, but especially not to companies that are not SMEs, that were founded in different countries, or that operate in industries far from the innovation sector. Furthermore, the study participants were selected based on certain criteria, such as engagement in internationalization activities and having an active LinkedIn profile. These criteria may introduce a bias that affects the results, as entrepreneurs who actively use LinkedIn and engage in internationalization strategies may be different from those who do not. In addition, this study relies solely on qualitative data collected through interviews. Also, the semi-structured nature of the interviews may have covered only a limited range of topics and perspectives, which may have led to certain gaps in the data that could be relevant to the results obtained. Last but not least, the use of content analysis based on Kuckartz (Kuckartz & Rädiker, 2022) as a data analysis method comes with a potential subjectivity in the coding and categorization of the data. Different individuals may interpret the data in different ways, which could potentially affect the reliability of the analysis.

Due to the aforementioned limitations resulting from the authors' limited resources and the scope of a master's thesis, future research is crucial and required.

5.5 Directions for future research

There are several avenues for future research to further explore the complexities of the liability of outsidership and how social media can be used to overcome it. First, future research on this topic could be conducted in the form of a multi-case study of companies in a number of different industries in order to obtain results that could also be applied to other industries. Another approach would be to conduct a longitudinal study with one or more firms to see the long-term effects of using social media to reduce or overcome the

liability of outsidership. In addition, future studies with more resources could focus on coding more specific mechanisms of how entrepreneurs specifically use LinkedIn or other social media, whether through comments, direct messages, or other ways. Looking at the actual mechanisms and their effects could have important managerial implications. It would also be interesting to see how the COVID19 pandemic has affected internationalization activities and the experience of liability of entrepreneurs in new markets. It would be exciting to see if entrepreneurs and companies used social media even more during the pandemic to interact with their network or new networks, or if the opposite happened.

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7. Appendix

7.1 Interview Guide

The rough structure with the predefined questions for the semi-structured interviews is shown in the following table. All of the questions are based on current literature in the investigated field of liability of outsidership and network theory, and aim to enrich the existing research. Again, the preformulated questions set a direction for the interviews while leaving room for flexibility. At the beginning of each interview, some general questions about the company and more personal questions about the interviewed entrepreneur were asked in order to break the ice and get a better understanding of the firm and the industry before asking more detailed questions:

1. What is your company doing?
2. What is your previous experience before working in this company?
3. How many years of professional experience do you have?
4. How old are you?
5. When was your company founded?
6. How did it come about that you founded the company?
7. How many employees does your company have?
8. How was it to start your business in the Austrian market?
9. Where you the first/one of the first players in this specific industry in Austria?
10. How did the industry change over the years?

Category	Interview question	Relevance
Internationalization	In which markets do you primarily have customers?	Knowing which markets the main target group lies in is relevant to understand the starting point of and the approach for the internationalization process.
	When did you have your first customer in a foreign market?	IE research has found that young and small businesses often venture to multiple countries right from the beginning or shortly after launching, so it is important to understand whether that was the case for those firms too (e.g. Lu & Beamish, 2001; Reuber, Knight, Liesch, & Zhou, 2018).
	How did you acquire the first customer abroad?	McDougall et al. (1994) highlight the importance of the entrepreneur and their characteristics when it comes to the internationalization process of SMEs, so it is relevant to see if those played a role.
Networks	How do you perceive your network in Austria?	Zhou, Wu and Luo (2007) state that networks that are based in the home country of a firm can provide important information and resources that can leverage the internationalization process.
	To what extent is your company embedded in that network?	The liability of outsidership is concerned with the level of embeddedness of a firm in a relevant network (Johanson & Vahlne, 2009).
	What are the main communication channels your network is using?	As various technologies and especially social media have simplified communication (Coviello et al., 2017), it would be interesting to see if the interviewed firms facilitate them to communicate with network actors.
Liability of outsidership	Do you have any experiences where you felt like you had a not so well-established network position? If yes how/when/where?	Asking for specific situations where the interviewed entrepreneur experienced the liability of outsidership is important to understand whether they already had an experience like that and so the interviewee understands the phenomenon under analysis.
	Since you also have customers in other markets, how was your experience with establishing your company in those markets as well?	Asking about how the initial internationalization process and concrete actions that were taken back then helps understand how networks were leveraged in the process, as scholars (e.g. Agndal & Chetty, 2007) found that networks can kickstart the internationalization.
	How did your network play a role here?	This is a supplementary question if the interviewed entrepreneur does not mention networks.
	How do you perceive your network position in those (foreign) markets?	This refers to the network embeddedness, and the purpose of the question is to understand whether or not the interviewees feel like they are well-established in foreign market networks.
Social media usage	Which social media sites do you personally use? For what reasons?	Since it has been acknowledged that social media can help broaden networks and keep in touch with people (e.g. Drummond, McGrath, & O'Toole, 2018; Quinton & Wilson, 2016), it is relevant to understand if the entrepreneurs use them.

	On which social media sites is your company present? For what reasons?	Social media sites allow businesses to establish connections with potential business partners (e.g. Drummond et al., 2018; Fraccastoro, Gabrielsson, & Chetty, 2021; Quinton & Wilson, 2016)
	How long have you had a personal LinkedIn account? What was your intention in opening one?	Scholars such as Almeida & Santos (2020), Sigfusson & Chetty (2012) and more emphasize the possibilities social media provide in creating connections with international network actors thus facilitate internationalization. Therefore, it is relevant to know when they were adopted.
	How active are you on LinkedIn? How often do you use it? More actively or passively?	As strong ties are based on frequent interactions and higher intensity (Granovetter, 1973), it is important to get insights on how often and in what way LinkedIn is used by the entrepreneurs.
Using social media to overcome the liability of outsidership	How do you engage with potential network partners on LinkedIn?	Sigfusson & Chetty (2013) highlight that entrepreneurs use the internet to build trust which then strengthens relationships. It is interesting to understand how exactly an exchange takes place.
	From your experience, is LinkedIn qualified to build strong relationships or just acquaintances?	Social media sizes can lead to a broader networks and deeper relationships (Drummond et al., 2018). Therefore, it would be interesting to hear about the entrepreneurs' perspectives on whether LinkedIn is qualified for strong relationship building.
	How have acquaintances that you connected with via LinkedIn helped your company get more involved in the market in different countries?	Social media bring opportunities in connecting with international network actors and therefore facilitate the process of internationalization (e.g. Almeida & Santos, 2020; Drummond et al., 2018; Sigfusson & Chetty, 2013)
	Has it also been a help in building network partners in different countries for your business?	Sigfusson & Chetty (2013) state that LinkedIn enables entrepreneurs to connect with other international business players and build a large network on the platform.
	How have connections on LinkedIn helped your company establish a network position in the foreign markets?	The integration in a relevant network when entering a new market is vital for success and firms that are not members of a relevant network suffer from liability of outsidership (Johanson & Vahlne, 2009). Therefore, it is vital to understand in what way LinkedIn helped.
	Have you used LinkedIn strategically to connect with important players in a relevant network in the targeted foreign markets you want to operate in?	Based on the above-mentioned opportunities that LinkedIn offers, it will be informative to learn whether or not the interviewed entrepreneurs or other actors in their company have strategically tried to get involved in a certain network by using LinkedIn.
	How have your connections on LinkedIn helped you close deals with customers in foreign markets?	This would show the direct monetary effects of network-building via LinkedIn on the internationalization success of a firm.
	In what other ways has it helped build connections in those different markets?	Quinton & Wilson (2016) report that LinkedIn and other social media sites can be successful initiators of new connections.

7.2 Sample Interview

Thu, 3/24 5:00PM • 47:15

SPEAKERS

Participant 1 = Founder of Company W.

Interviewer = Author of this thesis

[Greeting and introduction...] 00:00

Interviewer 00:27

Thanks for taking the time for this interview. To make it short, I'd jump straight into it. I'm gonna start with some general questions about you personally. So, what is your previous experience before working for Company W.? Have you already been in the consulting area or innovation consulting area?

Participant 1 01:33

Yeah, so for around half a year one year, I was freelance consultant for innovation projects directly before starting with Company W.. And before that I was five years working for a point of sales agency for digital signage, so I had a strong sales focus. So, I was building up the German market for an Austrian company.

Interviewer 02:20

So basically, before Company W. you had around six years of professional experience in that area. Is that right?

Participant 1 02:27

Yes. Not all of that was full time. Because it was also next to my studies.

Interviewer 02:40

Ah okay. And how old are you currently, if I may ask that?

Participant 1 02:43

34.

Interviewer 02:46

Okay. And how long have you been in at Company W.?

Participant 1 02:54

Since the autumn of 2014.

Interviewer 03:02

Okay. All right. So quite a while. And how did you get to work for Company W.? How did you get in there and so on?

Participant 1 03:20

What level is interesting for you?

Interviewer 03:24

And I guess all levels, so it could be either through your network?

Participant 1 03:31

Yeah. Okay. Actually, yeah, it was a Facebook post from my Co-Founder. In, a WU E&I group which I read. I wrote him then on Facebook "Hey, I'm leaving for four weeks of vacation tomorrow to Thailand. But if you have time to meet today, I'm interested.". And he responded that I can come see him. And then I started working in kind of a freelance spaces to organize one of the first events Company W. organized. And after doing that together, we decided that I would be becoming a part of Company W. and then took over the sales responsibility. And so that's how it started.

Interviewer 04:30

So you basically started as just a part of the team and then later on, you became kind of a decision maker also. Is that right?

Participant 1 04:39

Yes, I would say it like that.

Interviewer 04:41

Okay, okay. So, as far as I know Company W. was founded in 2013, right? So you haven't been part of the company right from the beginning, right?

Participant 1 04:54

No, at the beginning, my two Co-founders were developing the platform. So, the main focus or tasks at the time were product development. And when I joined, the platform was kind of ready to use or so we thought. And so they needed someone to take over sales.

Interviewer 05:14

Mhm, okay. How many employees does your company currently have?

Participant 1 05:38

Like, in total, looking only at Company W., though? So without looking at our portfolio ventures. So, not totatlly 30, but close to 30.

Interviewer 05:51

Okay. And which markets do you primarily focus on?

Participant 1 05:58

Haha, you can answer that question yourself.

Interviewer 06:00

Yeah, I know. I'm just asking, because I need to hear it from you for my thesis.

Participant 1 06:08

Okay. Germany, Italy, and Switzerland.

Interviewer 06:13

Okay. And do you have also customers outside of those focus countries?

Participant 1 06:18

Yes, but only a few.

Interviewer 06:22

Okay, so not really mentioned worthy... Okay. When did you acquire your first customer in a foreign market, like, could also be one of those focus areas outside of Austria?

Participant 1 06:39

At the very beginning, because at the beginning our home market was Austria. And so Germany was a new market for us. But we acquired customers in Germany already in 2015. Which is some of the first customer. So I think the first customer was in Austria, and maybe already the second one was then in Germany.

Interviewer 07:12

Okay, wow. Do you remember exactly how the process was? How did you acquire the first customer abroad?

Participant 1 07:22

Very exactly I remember. Okay. So there was an event that was specifically focused on innovation managers, which at that time, was a very rare role. So it's not that every company had an innovation manager. So at that time, you could go to XING, which was the platform I used at that time, and search for innovation manager. And then you would find maybe not even 300 innovation managers in Germany. So, there was an event in Frankfurt, which was for innovation managers, and somehow I received, I believe the list of participants. And so I tried to contact them in advance to kind of schedule a meeting for during the two day event with them... to not be then running around and not knowing anyone and just hoping for good luck at the fair to get to know someone. So I used XING to search for the people that were participating at the event and pre-scheduled meetings with them. And so I had meetings with Deutsche Bank and

Deutsche Börse, and Deutsche Bahn, and so on. And only from this one event, we later I think won 3 customer so Deutsche Bank, Deutsche Börse and Deutsche Bahn. That was only this one sales outreach with this one event.

Interviewer 09:14

And did you go in there with the objective of gaining new customers?

Participant 1 09:23

Yes. Only for the customers. I've never been at an event because of the content.

Interviewer 09:31

Yeah. Okay, okay, haha. And was your goal to sell the innovation platform to them or more the consulting service?

Participant 1 09:43

I was rather open regarding that point. So it was like if you're interested in the history, one of my Co-founders always believed in the platform, and he wanted me to sell the platform. And I said, "Well, I know how to sell something like this, but I would actually want to do innovation consulting projects." And so our agreement was that I try to sell the platform, but then if we have consulting projects that I would do those as well. So, I tried to sell both. And that was what helped us because we could with the platform show to our customers that we are offering something more than just consulting. And that helped us to win customers.

Interviewer 10:36

Okay, but very cool to hear that the pre-connecting worked well, in that case. So it's already a good sign that networking helps with getting customers. Okay. And also back then, I mean, it's really crazy that you gained three new customers at that event. Was Company W. back in the day, one of the first players in the innovation industry in Austria?

Participant 1 11:05

Yeah. You could say there were like, at the time, that was it was Hive, in Munich. And there was us. And at that time, maybe Pioneers also already offered some services. So those three, you could say were in the market.

Interviewer 11:37

Okay. And would you say that there was a, like demand back in the day in the Austrian market for that, for the innovation consulting?

Participant 1 11:48

Yes, it was a, I would say, a strong one. So at that time, the sales process I applied was writing people on XING that were innovation managers. And that was such a rare kind

of position that no one tried at the time to sell anything to them. So it's not that they would receive 10 messages a day, as it is today. And they were all new in that job. So they wanted to learn new things. And, no one offered a platform at the time. So, we were super special anyway. And so I would say that 70% of people I contacted also agreed to meet with me.

Interviewer 13:11

Wow, okay. Crazy quote.

Participant 1 13:14

Yeah, that was a crazy quote.

Interviewer 13:18

Okay, and is there a reason you used XING back in the day, not LinkedIn? Was it more widely used? Or?

Participant 1 13:29

At that time, LinkedIn was US focused? XING was more for the German speaking area. So that changed only a couple of years ago.

Interviewer 13:45

Okay, interesting. Okay, cool. Going back to the to the whole innovation industry in Austria, would you say that it has changed over the years? So, since you are in the industry? And if yes, how would you say did it change?

Participant 1 14:02

So, first of all, there are much more players now. And since it was a new knowledge area, it had to be developed. So, the things we did at the beginning are completely other things than we do now. So, for example, at the beginning, we did facilitation workshops, focused on the methodology. Now, no one wants us to do trainings anymore. They come to us to ask us how can we make a project successful. But at that time, it was the goal of the corporates to change the mindset of the people and to change the mindset they thought they would need to train them with new methodologies. And after some time, then the market and corporates, but also the suppliers like us, we noticed that only training the people doesn't change anything. You need to create the right framework and surroundings to make innovation successfully happen. And so we created intrapreneurship programs and created a space that would support innovation. And then there was one more major change in the market towards company building, which means that intrapreneurship programs, for example, work well for close to core innovation, but does not work well for radical innovation. And so I would have seen three big changes in the industry over the last eight years.

Interviewer 16:10

Okay, that's quite some changes. And going back to the increase of players in the whole industry. How do you perceive the innovation consulting network in Austria? Is it quite an open network? Is it hard to get in there? How do you perceive it?

Participant 1 16:36

What defines the Innovation Network for you?

Interviewer 16:41

It's hard for me to tell. But I guess like innovation managers and again, in general, to be in the ecosystem, for example, with Brutkasten and all of that. So, to be present in the network. So, if innovation is being named... that people connect it to Company W., for example?

Participant 1 17:08

Yeah, I would say maybe compared to other industries, I guess it's a rather easy entrance, because innovation is about exchange and openness. So if you compare it to, I don't know, the car manufacturing or engineering, then this will be much more closed. And the innovation network is much more open to exchange and network.

Interviewer 17:42

Would you then say it's easy for companies to be exchanged within the network? Or would you say that certain companies are more embedded in the network than others?

Participant 1 17:55

I think to exchange the company... it's a know-how game. So, it's important to have the knowledge and experience... but at the same time if no one knows you and you have the most experience, that doesn't help either. But I wouldn't see it...

Interviewer 18:27

Okay, now that we know that you perceive the Innovation Network as rather open: Did you have any experiences where you felt like you had a not so well established network position? And if yes, how did it go?

Participant 1 18:55

A not so well established what?

Interviewer 18:59

Network position. So, that you felt like you are not part of that network?

Participant 1 19:06

I would definitely say we are part of the network.

Interviewer 19:10

Yeah. And would you say it's also in Germany the case, for example, and in Italy, or Switzerland... where also your focus countries are or is it only in Austria?

Participant 1 19:20

Okay. So yeah, in Austria, we are so well established that everyone knows us. In Germany, not everyone knows us. But yeah, I have my challenge with that question. Because if we sell something, they can either come to us... that means they need to know us and we need to be well connected in the network, or we come to them. And for the latter one, we don't need a network, we just need to reach out. Where the network becomes relevant is, for example, for recruiting. So, in Austria, we can way better recruit, because we have a good network and people recommend job seekers to come to Company W.. In Germany, that does not happen. That's why we have always failed to build up a team in Germany.

Interviewer 20:41

Okay. And so you would say that, for example, recruitment is also an important point when it comes to networking, that you highly benefit from your network position in Austria, but not so much in Germany.

Participant 1 20:56

Exactly. Yeah.

Interviewer 20:57

Okay. That's good to know. And how is the situation in Italy?

Participant 1 21:04

In South Tyrol, we are getting to a very good level now. That was not good at the beginning. But now, it has been, I don't know, four years or something that we are existent there. And we are the only real innovation consulting company in South Tyrol. And so we actually look at South Tyrol. And so, for South Tyrol, we are well positioned in the network. If we would look at Italy as the whole country, then we have no network and no positioning at all. But that's also not where our focus lies. So it lies on South Tyrol.

Interviewer 21:53

Yeah, okay. Yeah, then that's probably enough, if the focus is on South Tyrol. So when did you have the first customers in South Tyrol?

Participant 1 22:08

I don't know that well. Or maybe if we say that Rubner was one of the first ones, then that was one and a half years to two years before the foundation of Woodspace. Which makes it around five years ago.

Interviewer 22:31

And how was the experience with establishing your company in those markets as well, like in Germany and Italy, for example. You said you started having your first customers in Germany in 2015. How did the process then from that go to actually having an office there and so on? Like, how did it happen?

Participant 1 22:58

So it means a lot of traveling. So in the first years, I was in Germany, at least three times a month, and in several locations, so I was I don't know, flying to Cologne, and then traveling to Berlin and flying back from Berlin, and the next time Munich and Cologne and Frankfurt. So, I was a lot on the roads. And by winning more customers, and you always needed the personal interaction. So, every customer there was at least one personal meeting before, which has changed now. But at that time, it was necessary. And at one point, we had an employee who wanted to spend more time in Germany. And we, therefore, opened the office in Cologne with him, then we found the first employee... and yeah, that's how it started.

Interviewer 24:12

Okay. So did your network also play a role here somehow? Maybe the network of that employee that went to Cologne, or your personal connections? Did it help in any way?

Participant 1 24:29

Yes, and no. So, it's difficult for me to understand what defines network for your. Maybe you can explain... because I was doing cold acquisition and by that building a network?

Interviewer 24:49

Yeah, I mean, that totally counts for me. Also very weak network ties, maybe. For me, that also counts as a network, because especially in the business context, I think that acquaintances help also very much.

Participant 1 25:08

Yeah. So I think I was in the network building process at the time.

Interviewer 25:14

Okay. And was it the same way in South Tyrol?

Participant 1 25:20

There it was my Co-founder that is originally from South Tyrol. So, I tell from my own experience there. But nevertheless, it was very similar. So, we first build up customers. And then more or less by chance, we were finding the first team members. And by having the first team members, we then established the office. So it wasn't a completely planned process. It was an organic process.

Interviewer 26:02

Okay, so quite different to Germany?

Participant 1 26:07

No, it was also in Germany the same way. So it's not that we said, "Okay, now we build up a team in Germany and created and hired five people at the time.", It was rather that we had people meeting them in Germany and saying, "Hey, xy, don't you want to work for us?", And he said Yes. And so we had one person in Germany.

Interviewer 26:37

Okay. Clear. All right. And since the focus of my thesis is connected to the use of social media, I have some questions related to that. And more specifically, to your personal social media use. So there, it would be interesting for me to know, which social media sites do you personally use, and for what reasons?

Participant 1 27:03

So now, it's mostly LinkedIn, for positioning, for sales and for recruiting.

Interviewer 27:18

So, the goal here is also to position yourself as a leading position within your company?

Participant 1 27:29

From my perspective, as the owner, it's more positioning the company and then there's always also a little bit of personal positioning, which helps you again to sell your company. But my overall goal is always on the company level and not on the personal level.

Interviewer 27:53

Okay, so for professional use, you basically only use LinkedIn, is that right?

Participant 1 28:00

Yes, yes. Now it's right. Then Facebook, I use very little, but that's mainly private. Which might be relevant. So if you look back, XING has an extreme impact. But XING died, so it's not relevant anymore, if you look at today.

Interviewer 28:27

Yeah. And would you say that your personal social media use, for example LinkedIn, is kind of linked to the Company W. presentation on those socials? Or do you do it completely separate? For example, repost stuff or just connect it somehow.

Participant 1 28:55

I would say it's very connected, although I don't repost, because it has less impact. So, if I create personal posts, they are much more successful. Everything I post is always

from a Company W. perspective, but I guess that's also because I'm a company owner. Company W. is a big part of my life... so yeah.

Interviewer 29:30

Yeah, sure. And how long have you had your personal LinkedIn account? Do you approximately remember?

Participant 1 29:41

Not precisely. I know that I was not an early bird on LinkedIn, because I was an early bird on XING and used that as a power user. And I only switched once it became very obvious that I would be more successful on LinkedIn. So for that, my customers already had to change from XING to LinkedIn. And once that really happened I also changed. So I'd say maybe four years ago... would probably be possible to research it in my account.

Interviewer 30:38

Okay. So you also noticed very strongly that all of a sudden, not as many people are on XING, but more people are switching to LinkedIn?

Participant 1 30:48

Exactly.

Interviewer 30:49

Okay. I mean, I can kind of hear it out, but what was your intention back then in opening the LinkedIn account?

Participant 1 31:02

Well, sales first. And positioning and recruiting was becoming relevant a little bit later, I guess.

Interviewer 31:16

Okay. How active would you say are you on LinkedIn? Like, how often do you use it? And are you more active or passive on there?

Participant 1 31:26

I'm a passive consumer, I would say daily. And then for a long time, I tried to do like, one to two posts a week. But I have not kept that up lately.

Interviewer 31:53

And have you seen any difference in either sales or recruiting or just networking when you posted more frequently?

Participant 1 32:07

No, you don't have such direct results, typically? I don't have such direct results. So, posting is, I would say, a positioning topic. Besides, HR posts, so that is obviously not the positioning aspect.

Interviewer 32:44

Okay. How do you usually, apart from posting, engage with potential partners, potential network partners? Do you maybe start conversations via private messages on LinkedIn? Or is it more through commenting on posts or stuff like that?

Participant 1 33:08

So now, it's always about personal messages, I would never comment. That's nothing I do.

Interviewer 33:21

So, for example, if you see a person that could be interesting to connect to, and you just hit them a message basically?

Participant 1 33:32

Yes.

Interviewer 33:33

Okay. And what was the result of that? Is the outcome always different? Or is it mostly positive? What did you see?

Participant 1 33:46

So, that has changed strongly over time, because now our customers receive 10 messages a day. And therefore, they are getting bored of it and don't want to receive more messages. In the early years, the result was a high response rate. And now I myself don't do it very much anymore. So I don't often contact the people without any specific "Why do I contact this person?" reason. Because we have changed our sales process more to content marketing. So it was much more a couple of years ago... it was much more cold acquisition direct contact.

Interviewer 34:55

Okay, but would you say apart from actually gaining customers from this method, would you say that just building networks, or in general connecting to people is working well for you via LinkedIn?

Participant 1 35:11

If I connect with people, they typically accept. I don't see that as a very relevant network just being connected. So I have, I don't know, 10,000 connections. And some people from India and I don't know where, they connect with me.

Interviewer 35:42

Okay, did I understand correctly that for you, LinkedIn is more for positioning, recruiting and stuff like that? And not so much for networking?

Participant 1 35:54

No, for networking, not at all. So, sales was missing in your list. I would use it first for recruiting, then for sales, and then positioning.

Interviewer 36:13

Okay. And would you say that LinkedIn is in general not qualified or is it qualified to build acquaintances? Or even strong relationships? Or what is your opinion there?

Participant 1 36:31

No, so if I have more than one interaction with someone on LinkedIn, then I know this person personally. So, I do get messages from companies and people that want to sell something to me. In 95% of the cases, I do not react. In the 5% of cases, where I do react, then we have a call or a meeting. And the other way around would be the same. So I would not write long messages to anyone. It would always only be "Hey, that's why a meeting could be interesting. Do you want to meet?"

Interviewer 37:26

Okay. All right, then you say basically, that LinkedIn and nowadays is just really overwhelming. And there's just too many messages in general, right?

Participant 1 37:37

I mean, you can do all the discussions in the post. I do flip through the posts of my network, because it helps me to get information on this company is looking for, e.g. an innovation manager or this talent has funded a new company, or there was an investment into a competitor of ours. So it helps me to get relevant information.

Interviewer 38:13

Okay, and regarding open posts, would you say, from your experience that it helps kind of to establish a network position? Like you said, LinkedIn is helpful for positioning, then would you say it also helps to position yourself like in general in the innovation markets?

Participant 1 38:35

Yes, definitely. So I do often get the unasked feedback from people I know, that they anyway know what's all going on, in Company W. and so on, because they see it on LinkedIn. So, friends of mine, they tell me that "Yeah, I've seen that and that, and that, because it was shared via LinkedIn, by either me or the company."

Interviewer 39:05

And did you only get that feedback from people in the Austrian ecosystem, or also in Germany and Italy, for example?

Participant 1 39:14

I don't really know. But I would say, if someone knows us and follows us, then it wouldn't make a difference in Austria versus in Germany.

Interviewer 39:26

Yeah, yeah true. And I just want to kind of get your opinion on whether you think that the positioning is also as present in, for example, Italy or South Tyrol, as it is in Austria, but you already said kind of before that, for example, in Germany, it's difficult, because there's a lot of competition also...

Participant 1 39:49

Yeah, I would just say that the reason is rather because it's big. So, I think it's difficult to say, if in Germany, only half the people know us compared to Austria. Germany is 10 times bigger. And so, in Austria 100% of innovation managers know us, and in Germany only 10% know. Might be the same amount of people. But just in a bigger pool of customers. But what was the question? Sorry.

Interviewer 40:56

No specific question, just a discussion. If you could imagine that, for example, you posting on LinkedIn also then increases the awareness in Germany over time, or has increased it maybe in the past a little bit, even if it's just a bit?

Participant 1 41:16

Yeah, I think posting itself doesn't increase it. It's building the network and building the network is... so just by posting, we don't build the network, we need to build the network by meeting people or by connecting with people. And then posting helps us to position within our established network.

Interviewer 41:44

Okay, okay. I get it.

Participant 1 41:46

Do understand the difference that I want to point out?

Interviewer 41:49

Yeah, definitely. Do I understand correctly, that from your point of view, actually establishing networks works better face to face? Or maybe not that much on LinkedIn. Maybe more through events or stuff like that. And then on LinkedIn, you kind of keep in touch maybe?

Participant 1 42:09

Yeah, yeah. Excactly.

Interviewer 42:10

Okay. Okay, cool. Good to know. Then, I basically have an answer from your side to my research question. That's very cool. Yeah, I guess that was all the questions. Because now that I know that for Company W. and for you personally, LinkedIn is maybe not a great tool for networking. A lot of the questions I wrote down aren't that relevant anymore? So yeah.

Participant 1 42:42

Then again, it's a definition of networking. Because LinkedIn helps us to get to know people and get to meet people. And that is what I would consider networking. So it's, yeah, it is kind of the door opener. But then the real interesting stuff happens outside of it.

Interviewer 43:07

Okay, so LinkedIn is a good first touch point for you? But not for the ongoing contact? Okay. Cool. That's good to know. But then, for me, that's also is a huge help in networking in general, because it helps you meet people that you maybe otherwise wouldn't meet at all.

Participant 1 43:14

Excactly. Yeah, definitely.

Interviewer 43:28

And this first touch point, did you also experience it in Germany and Italy?

Participant 1 43:35

Yes, I mean. Not differentiating between XING and LinkedIn. But I mean, on XING, it was a lot, for me personally. And now it's LinkedIn. And so everyone who does sales in Company W. uses LinkedIn.

Interviewer 44:02

Yeah. Yeah. And do you recall any connection where you had the first touch point via LinkedIn, and where you then ended up closing a deal with that person?

Participant 1 44:18

Yes.

Interviewer 44:19

Okay. And did it happen often?

Participant 1 44:26

Yes. Also the story with the first German customers that was exactly that.

Interviewer 44:38

Ah okay. But back in the day it happened with XING, right?

Participant 1 44:41

Ah, so now you're specifically asking for LinkedIn... So I wouldn't say it's not happening with LinkedIn. So it's also happening with LinkedIn. It's like really, the typical cold acquisition sales approach today. If we reach out to someone, then we start on LinkedIn

Interviewer 45:09

Okay. And is it is it most of the time you reaching out to people or sometimes that will also happen that people reach out to you if they have any questions maybe on services the firm offers?

Participant 1 45:20

Yes, also happens.

Interviewer 45:23

But what would you say happens more often?

Participant 1 45:28

For me personally now as CEO of Company W., reaching out to me, because if they have a question, they often reach out to the CEO. If you look at the whole company, it is definitely the other way around. So if we do sales activities, then it's us reaching out to them. If you then combine the activities of 10 people doing sales, then it's much more us reaching out.

Interviewer 46:03

Okay, cool. I got really good insight now. You answered all of my questions. So, thank you very much.

Participant 1 46:19

Yeah, if you have any further questions, you can of course reach out to me at any time.

Interviewer 46:48

Thank you very much. Have a nice rest of the evening!

Participant 1 46:59

You too. Bye!