

Theory development for explaining foreign market expansion

The methodological choices

Zsuzsanna Vincze¹

Abstract

The grounded-theory methodology (GT) was developed for generating theory where little is already known, or *for providing fresh insight into existing knowledge*. Inherent in it is a strong intellectual rationale for using qualitative research to develop theoretical analysis. The basis of grounded theory is the careful and systematic study of the relationships between individual experience and society and history. Universal grounded theory (Glaser and Strauss 1967) was indeed revolutionary at the time of its inception. This paper is devoted to elaborate on the pros and cons of using this methodology in management sciences. The particular concern was in applying the grounded-theory research strategy to the phenomena of foreign market expansion in emerging markets. The paper is also an outline of the relevance and suitability of the approach to the purpose of theory development based on case studies.

Keywords: Grounded theory methodology, theory building, substantive theory, contextual mode of analysis, processual phenomena

¹ Turku School of Economics and Business Administration, Rehtorinpellonkatu 3, FIN-20500 Turku Finland, **Tel:** +358 2 3383247, **Fax:** +358 2 3383280, Email: Zsuzsanna.Vincze@tukkk.fi

Introduction

The importance of the emerging markets in the world can hardly be underestimated these days. Researchers, as well as practitioners, realise the need for tools to address challenges posed by the emerging markets. Critical thinking is needed about important issues in emerging-markets, as well as in *bridging the gap between theory and practice*.

The original research project² aimed at understanding and explaining foreign market entry and expansion of two Finnish middle-sized manufacturing companies. During the last decade (1990-2000), the two companies entered and expanded simultaneously in all the Visegrád countries. Six entries and further expansions comprised the six cases analysed there with applying the grounded theory approach. The companies had relatively little previous experiences in foreign operations before they entered the Visegrád markets. The two companies started operations on those markets as pioneers in their own field. What I needed to understand was what drove the managers making and *implementing decisions* to achieve the desired end - to sustain the growth of the company. I needed to discover more about the *mechanisms (i.e. stimulus-organism-response)*, in order to understand better the ongoing broader process of foreign-market expansion.

Like in many other case study researches the analysis of the cases started with hundreds of pages of transcribed data, which continued with case descriptions, the data reduction and the within-case coding according to grounded-theory (GT) methodology, and the cross-case analysis. According to the results of these phases I distinguished five abstraction levels, while the last level became the emergent theory.

² Throughout this paper, the terms original research project and/or original study refer to that project described in this paragraph to which project the grounded theory methodology was applied.

Linking data to propositions within the case study research strategy can be done in a number of ways (Wilson and Woodside 1999, Langley 1999) not only with the grounded-theory methodology applied here. Grounded-theory methodology is criticised especially because it is time consuming, there are obvious traps and the boundaries are difficult to establish. It is still a challenge for the reader because of its density. Indeed, the application of the GT methodology in managerial sciences we quite rarely seen so far. When it was applied that was more often unsuccessful than successful. In brief, the grounded-theory analysis meant the systematic comparison of small units of data (Glaser and Strauss 1967, Strauss and Corbin 1990). It involved the gradual construction of a system of categories. It extracted data, which facilitated elaboration on the properties of the emergent category systems, along with the identification of a small number of core categories.

It is true that research sites and data-collection methods are rather well introduced in studies on theory building. On the other hand, what has been strongly criticised by Eisenhardt (1989) is that the analysis part of case-study research is mostly missing from the reports, despite the fact that the heart of theory formulation is the data analysis.

There is no easy way to present the whole analysis process in twenty pages. My intention is to present some key points in connection to the theory-development process based on the study of foreign market expansion of Finnish companies in the Visegrád countries. The paper gives a summary how theory-development progressed from the lowest towards the higher abstraction levels and *elaborates on the relevance of using the grounded theory methodology. I discuss its advantages and disadvantages in light of the aim of building case-based theory and the actual results achieved.*

Methodological implications

Despite of criticism against the grounded-theory in applying it in managerial sciences successful conclusion was possible to achieve because methodological implications were addressed carefully to the actual study, to the purpose and the assumptions with which the data collected to it.

A dozen of such kind of methodological implication I need to mention here. First, this study - like many other qualitative studies on the field of international business - analysed recollection of past, present and probable future events. An empirical study was set up as a *longitudinal multiple case studies*. The main sources of data were *retrospective and real-time interviews*. The interrelated processes - foreign market expansion and developments of bridgehead relationships - one tried to explain. Tacit knowledge was emphasised. I tried to analyse the business relationships, both on a company and personal level. Thus, collecting data from both sides of the focal relationships was inevitable. The use of *multiple sources of data* certainly rises complexity for the analyst. On the other hand, the processes are generally not easy to observe that justified the use of multiple sources of data. Quantitative evidence mainly from archival sources was important in indicating relationships, which may not have been salient otherwise (Yin 1989) in this study it meant of supporting to find the processes. Quantitative evidence and the observations supported to stay on track, not being carried away by too vivid qualitative data, which could render unrealistic results. Also, large amount of quantitative data was collected through the actual interviews. The managers during the later interviews also elaborated on those quantitative evidences. Nevertheless, the outmost important source of data was the semi-structured in-depth interviews with the managers. The data from those interviews are largely qualitative, process data. All in all, the grounded theory

methods (i.e. coding, constant comparison) offered ways of handling multiple sources of data. During the data collection I had to ensure that the raw data are genuine and free from bias and selection effect. I had to avoid asking leading questions, activating response sets, and setting up situations with strong demand characteristics or selectively recording responses. In my mind, these requirements were sufficiently covered with the two '*old*' frameworks, the Dwyer Oh and Schurr model (1987) and the Young et al (1989) entry mode characterisation. The data included *collateral reports from the counterparts* within the same business. That situation required steps to be taken to assess the extent to which the information can be relied upon. The concern here was that the case history, case synopses, or interview summaries faithfully portray the experience and behaviour of the participant and are free from selection bias (i.e., omission of aspects of the material that might be problematic for the researcher's favoured assumptions). Firstly, the most appropriate control was to have the participants to read the raw data after the first reduction process and indicate whether their experience was faithfully portrayed. Secondly, all participants knew about the interviews with the counterparts, but each of them had full control on the own responses only.

To select medium-sized companies that were entering early the newly emerging markets i.e. *critical cases* was a fruitful approach. All in all, the choices I made, at the setting and within the research process, were motivated, in order to rise the capacity for creating new understanding in the form of interpretive theoretical output. Related to this study, there were well-formulated theories and the major research issues were clearly defined. On the other hand, I could argue that there was not a readily applicable case law that of foreign market expansion in newly emerging CEE markets (see also others, e.g. Nasierowsky 1996, Meyer and Munchen 1998, Liuhto 1999).

The underlying assumption, in the situation of the original research project, was the need to determine whether the theories provide good explanations or whether alternative explanations needed to be developed. Thus, it was necessary to *select the 'critical cases'* (Ryan-Scapens-Theobald 1992).

I established also the possibility for *comparison between the cases*. By no mistake,

"The emphasis of the classic case study approach is to highlight a construct by showing its operation in an ongoing social context" (Dyer and Wilkins 1991).

The very clarity of constructs stems from the story that supports and demonstrates them (Dyer and Wilkins 1991, Lukka and Kasanen 1993). Listening to people talk in their own term about what had been significant in their life can be more valuable than studying preconceived psychometric scales or contrived experiments (econometric).

Like Edwards (1998) cited Mintzberg (1979):

"For while systematic data create the foundation of our theories, it is the anecdotal data that enable us to do the building. Theory building seems to require *rich description*, the richness that comes from anecdotes. We uncover all kinds of relationships in our hard data, but it is only through the use of soft data that we are able to explain them."

Case studies are honest when the desire did not push them into ready boxes. I could not disagree with Huffman (2001) on that that each business situation was unique. Thus, each case was a completely different game. The propositions were however, best secured as they were tested against all the six cases (Edwards 1998). One needed to present such good case descriptions that those can make the reader understand the complexities in the phenomena and support the emergent explanations. Nevertheless, there was a trade off - this study had to face with - between the deep understanding of a particular setting and the benefit of comparative insight. Already the setting of the study with the multiple cases can make it clear that I purposefully went for gaining comparative insight.

I did not preliminary planned to have *polar types of cases*. However, I certainly could expect that out of the simultaneously pursued expansions in three different countries by two independent Finnish companies I am going to find polarisation among the cases in respect of performance. Still, the cases I have selected could replicate the theoretical explanations of the study to a sufficient degree. At the same time, the identified polarisation among the cases enabled me to prove/disprove a particular propositions and to evaluate the emergent pieces of the theory.

Some *definition of the phenomenon* I needed in advance to be sure that what I 'observe' is the real phenomenon under study. What I have defined early was the actual content i.e. foreign market expansion as part of the overall growth process the case bridgehead relationships pursued. I have defined the external context that being the Visegrád markets as emerging markets. Furthermore, I made use of an earlier definition of bridgehead relationships (Eriksson and Chetty 1998) and applied the definition of 'true pioneer' (Ansoff 1957, Baker and Becker 1997).

I built this theory from the bottom up. Inevitably, the *theory generation became embedded in the cross-case analysis*. This analysis was conducted in two stages, the first within the two groups of cases (A and B), and the second between them. Everything that was achieved within the two groups was compared. The cross-case analysis facilitated a more conceptual definition of the theoretical elements (Glaser and Strauss 1967, Strauss and Corbin 1990, Edwards 1998, Miller and Fredericks 1999), and related the relations among them to the data. Both cross-case analyses had to be in line with the ultimate aim: to tighten the theory in such a way that it is useful, parsimonious and modifiable.

Furthermore, to identify the basic social process, it was a pre-condition to apply the teleology process theory. Because teleological process theory underlined the

investigation, this study's *findings should be seen as an alternative solution, rather than a direct criticism*, of findings focused on the process of internationalisation from the perspective of the life-cycle process theory.

In order to position the study within a broader set of strategic-management literature (Goulding 1998), an *extensive literature review* was needed. In reality, all the reflections on earlier conceptual and empirical findings were essential to the development of the substantive theory. Some higher-level abstract concepts, such as *maintaining organisational momentum* as basic social processes, emerged during the theorising phase when I referred to previous research findings (Strauss and Corbin 1990), rather than acting directly on the data analysis. The broader literature review, for theoretical sensitivity central to any grounded-theory analysis, facilitated this later reflection. Comparing these findings (i.e. the substantive theory) with others in a broader field of theoretical understanding should strengthen the conceptual relevance and widen the usability of the substantive theory developed on the basis of the six cases.

In the interview based causal theory building the aim was to build causal theory while I had to acknowledge the *lack of absolute causal certainty*. Indeed, social processes are rarely reducible to absolute laws. Reality is socially constructed and consists of individual's interpretations. The actions of managers were not always observable in an objective way. In brief, some of the elements the researcher could reveal as observable events, some were accessible through the subjective accounts of the managers. There were other elements uncovered through comparisons and some by speculation of the researcher over apparent causal tendencies. I tried to explain certain events, usually with another previous event. At the same time, I searched for the causal mechanism, which was connecting the two events. The cause itself could not

be enough for explanation (Elster 1989); one needed the causal mechanisms too. In *concentrating on the mechanisms* the scientific explanation reached its dynamism - thus one could achieve more and more detailed explanation. While adequacy improved, the research activity accelerated and became more focused. This very focus imposed more self-validating constraints on the research, thereby proving the adequacy of the explanation.

The emergence of the substantive theory

I reduced the data to conceptual elements, which referred to stimulus, response or organism. Concurrently, in building up the theory, I had to find all the three in order to see the actual mechanisms clearly. As mentioned earlier, this does not mean that all of the mechanisms appeared out of the raw data. Some of the missing ones could fall in place through scientific speculation (Strauss & Corbin 1990). I connected the responses (whatever processes came out of them) to the three corner elements of the triangle, and was thus able to explain the mechanisms. The smallest units in the theory building are thus the mechanisms (Figure 1). The *meta-theoretical framework devised by Pettigrew* (1990) was incorporated into the last phase of the GT analysis. Since this context-content-process framework was the actual starting point for the theory building, I will now explain in some detail why the framework (Pettigrew 1990) became essential at this point. The conditional matrix (i.e. conditions-actions-consequences) of grounded-theory methodology comes close, but not close enough, to contextual analysis (Pettigrew 1990). Despite its advantages, when I arrived at the selective-coding phase (i.e. where the final theory is put together), GT methodology fell short. The constant comparison along with the suggested coding of the GT methodology originators facilitated the operationalisation of the critical intellectual

process of data reduction, but the theory I was looking for had to be faithful to the research design with its comparative longitudinal case-study data. This was the main reason why it became relevant to apply the meta-theoretical framework offered by Pettigrew (1990). Primarily, grounded-theory methodology is faithful to observational data collected about sociological phenomena, which does not preclude its processual application in organisational settings. Nevertheless, it is implicitly rather than explicitly processual. I was afraid that this would cause problems with the analysis. With respect to the original research questions, I was most interested in the mechanisms the companies applied in 'filling' the specific content - the growth by pursuing foreign market expansion. The fact that the research design setting was longitudinal meant that I could explore the present in relation to the past and the future. I have tried to capture the time through the combined use of retrospective and real-time interview data. Thus, the data had to be analysed accordingly. I treated the investigated cases of foreign-market expansion holistically, thereby acknowledging that changes have multiple causes. Indeed, the grounded-theory analysis pointed to substantial variety in causes of change. I needed to explain these changes in the contexts in which variety in conditions occurred over time. Temporal interconnectedness was inevitable, in that history is not just events in the past, but it also lives in the present and influences the future. Change processes are both constrained and shaped by contexts. This is better illustrated as loops (rather than lines) created by stimulus-organisms-responses on more than one contextual level. All in all, it seemed practically *relevant to use the contextualist mode of analysis*. Following the reduction of the data in the GT coding procedure, I arrived at categories referring to the internal (cf. Organism) or external (cf. Stimulus) context, and to deliberate or emergent consequences (i.e. content in terms of either stimulus or

organisms). The bulk of the categories, however, referred to actions (cf. Responses) connecting the focus of the company with its external and internal environments. The context - process - content framework offered a way of bringing together the particular elements of the potential theory. The contextual mode offered both vertical (i.e. multilevel) as well as horizontal (i.e. processual) analysis for the comparative case studies. I believed that sorting out the categories in this way would achieve more coherence. In my view, this meta-theoretical framework for processual case-study analysis does not contradict grounded-theory analysis. On the contrary, the two fit together very well. The emerging theory benefited from combining grounded-theory methodology with the meta-theoretical framework of contextual analysis. This combination gave more realism to the context and, at the same time, facilitated the conceptual development. It also seemed to increase the chances of creating a modifiable theory. The theory I am developing here will probably be applicable to different content areas. I accepted that what I would 'observe' would be the changes in all the elements creating feedback loops.

Mechanisms refer to the inter-relation of action *and* context (Pettigrew 1990), as well as of action *and* content. The stress on the word 'and' is crucial because the context (i.e. conditions) will force the action and, at the same time, the action will shape the context. A similar argument should apply to the action and content relation. Finding connections between certain mechanisms will enable positive and negative feedback loops to be traced. Pettigrew (1990) visualised contextual analysis as a triangle in which the angles, or corners, signified the three core blocks of analysis: context - process - content. Some modification to the original framework had to be made (Figure 1), however, given the advanced phase of the analysis and the actual focus of the study. The "how" questions of this research project referred mainly to searching

processes. The focus category (i.e. growth and expansion on foreign markets) of the six case relationships became the content. It logically followed that the consequences as properties to this category - both deliberate and emergent - could be included (such were organisational growth, expectations, establishing the business idea in a new market and integrating the local partners).

The *context properties* became clear as internal or external forces. The external forces signified the environment, with respect to those conditions, which fall outside of the control of the operating cases. The *four most relevant properties* were the progress of transition, requirements of the customers, competition barriers and cultural differences. Internal forces referred to internal conditions the cases created and were within their control. Here I found the *properties* most relevant; leadership, organisational culture, organisational structure and competencies. The body of the framework signified the processes (Figure 1), which are grouped into three large *sense-making processes*. The relevant properties to the sense-making process of integration were initial experience, development of bridgehead relationship, structural changes and control. To the adaptation process the properties were market information, relation to customer, fight of competition and positioning. To the strategy-in-making process such properties as timing, resource allocation, guiding rules, learning and emergent strategies were the most meaningful.

Figure. 1. The building blocks of the substantive theory

In the next two sections I discuss relevant evaluative criteria for the research process with the grounded theory methodology and the findings - i.e. the interpretive theoretical output. At the same time the argument for pursuing grounded-theory analysis on the longitudinal case data is forwarded.

Evaluating the Research Process

Case-based theory should contain essential concepts, distinctions and principles linked in a logical manner (Edwards 1998). The within-case-analysis and the search for cross-case patterns were where the final theme concepts and relationships between the variables emerged. The case-based theory thus included the key mechanisms within the core processes that could show the variability in interaction (Glaser 1992). Admittedly, I needed to speculate continuously (Strauss and Corbin 1990, Langley 1999), to think about the possible underlying mechanisms (emerged the maintenance of organisational momentum) that could offer a reasonable theoretical explanation of all of the processes. The overall impression and deductive mode (Strauss and Corbin 1990) also had an effect. There was constant comparison between the theory and the data (Eisenhardt 1989). Measuring constructs and elaborating on relationships were essential in formulating the propositions on which the theory was built. Judgement (Lincoln 1995) about the strengths and consistency of relationships is what we ought to achieve. Indeed, iteration worked backwards and forwards between the steps. As Eisenhardt (1989) emphasised, it was necessary to move from cross-case comparison back to the redefinition of the research question - and out to the field - to gather new evidence. The *iterative process* was relevant in achieving a higher conceptual level, and ultimately in developing a parsimonious, modifiable and useful theory.

The *theoretical sensitivity* of the researcher was necessary to conduct this type of research. Theoretical sensitivity is meant in both ways: one is the researcher's personal and temperamental bent, the other is the ability to have a theoretical insight, and to make something out of the theoretical insight. The pre-understanding of the related theoretical areas of a phenomenon was necessary before I undertook this grounded theory research (Kvale 1996, Creswell 1998). While focusing on

internationalisation studies - with process and network perspective I have identified quite enough shortfalls and confusions in those received views. Concurrently, the broader literature review was necessary. From that it followed that to avoid that the preliminary theoretical understanding would force the development of the theory generation was not very difficult. *However, the ultimate challenge was to integrate the emergent analytic thinking* (Perry 1998). Thus, I could never stop the searches in diverse field of business sciences during this study.

Whether the aim of the project is descriptive, theoretical-heuristic, or theory testing, case studies will involve technical procedures for data collection, data reduction, and data interpretation (Miles & Huberman, 1994). The case-based theory building (i.e. theoretical-heuristic) project here employed iteration among research 'steps', but the project had to be displayed in a step-by-step manner. The freedom of theory building case research lies in *making rigorously reported adjustments* during the data collection and analysis processes. The quality of presentation and the dignity of the method, is enhanced by cultivating (and make clear to the reader) the awareness of the actual phase of case study work, in each portion of their report (Edwards 1998). One major adjustment during the stage of the theory-building was the application of the contextual-mode of analysis. That became essential in sorting the theoretical elements meaningfully. Conceivably, the conditional matrix (i.e. conditions-actions-consequences) of the grounded theory methodology comes close, but not adequate, to the analysis in contextual mode (Pettigrew 1990). Despite the advantages of the grounded theory methodology during data-reduction³, when the analysis arrived to the selective coding phase (i.e. where the final theory was put together) the GT methodology fell short. The theory, which seemed to emerge had to be faithful to the

research design with comparative longitudinal case study data. This was the reason why it became relevant to apply the meta-theoretical framework offered by Pettigrew (1990).

In theory developing conducts the last step should be the theory testing. I had a sound, valid, descriptive database. I had to acknowledge openly the assumptions implicit in the initial structures. The argument through which the material was linked to existing theoretical discourses needed to be tight and rigorous. It was necessary to compare the emergent concepts and the theory with the existing literature. The answer was to consider a broad range of literature (Eisenhardt 1989), even deductive models in the same topic area. This in turn, helped in discussing the results. Failing this, there would have been a fatal methodological flaw in the case studies because it is the essence of case-based research to display how new cases contribute to established-knowledge.

Furthermore, I turned back to the case material to critically assess the "fit" of the conceptual structure of the developed theory (e.g. "hermeneutic lenses" according to Edwards 1998). In other words, I was looking at how it was able to provide access to the deeper dimensions of the cases.

Testing the findings is also about evaluating the explanatory power of the developed theory in similar cases. It is about checking how far the theory can be extended, and developed by evaluating it in a different context. Testing the theory on other cases is included in a new research agenda as continuation of the original work.

³ A simplified version of the grounded theory methodology (Partington 2000) offered the

The relevance of applying the grounded theory approach

The theory developed on the basis of the six cases. However, that theory was able to link diverse facts in a coherent, useful and pragmatic way. It had a capacity to reveal the unrecognised or unknown. Indeed, the theorising was the process of constructing alternative explanations, until the best fit was achieved between data and explanation. In this sense, the links to established theories must be acceptable.

The emerging main categories (sense-making processes and forces Figure 1) ensured the tight integration of all the theoretical concepts into a coherent whole, firmly rooted in the original evidence (Glaser 1992). I stayed very close to the data in order to maintain accuracy. The theoretical structure was built up from the bottom up, and the resulting theory is rather dense and moderate in simplicity (Langley 1999). Until this point it was not possible to develop more general and formal theories based on the six cases. Using the grounded-theory strategy facilitated the development of the case-based (i.e. substantive) theory, which has good potential for extending its explanatory power to other cases (Strauss and Corbin 1990, Langley 1999).

The emergent theory benefited from the combination of using the grounded theory methodology with the meta-theoretical framework of contextual analysis. This combination allowed more realism to the context and, at the same time, facilitated theoretical and conceptual development. It could be seen also that this combination increased the chances of creating a modifiable theory. The theory, developed here, will probably be applicable to different content areas. The most important is, in respect of avoiding serious mis-understandings, that the framework developed by using grounded theory analysis on a limited number of cases fits best to those examined cases. The conclusion is not that that this framework fits to any even similar

operationalisation of the critical intellectual process of data reduction.

types of cases without testing (i.e. run the similar research process on new cases). At this point, the theory provides understanding of the phenomenon, i.e. the six cases foreign market expansions. Indeed, grounded theory result is difficult to generalise. Rather grounded theory is substantive to the setting from which it has been generated (Strauss and Corbin 1990, Perry 1998).

I did not applied or invented new rules for judging the credibility of the theory-product. I gave references (e.g. Bashkar 1975, Pettigrew 1990, Partington 2000) regarding the version of the adopted grounded theory procedure in order to avoid confusion over terminology and procedures. All in all, I applied a simpler application⁴ of the GT methodology. Considering management sciences that choice should be seen as an appropriate one as far as the audience comprises the managers. However, me as later users of the method have had contact to the seminal works of the originators (e.g. Glaser & Strauss 1967, Strauss and Corbin 1990, Glaser 1992). That had importance in order to avoid generation erosion, which would mean the improper implementation of the constant comparative method, and the evaluation against non-appropriate standards.

I have used both qualitative and quantitative forms of evidence, but the verification process could not be the same as in the traditional quantitative researches. I needed to be conscious to apply a systematic effort to check and refine categories, which should not be confused with any quantitative techniques. Full and reflexive interrogation of the data was needed in order to allow the theory to emerge and avoid premature closure (Goulding 1998). Problems with grounded theory methodology arise when research does not utilise the full method (i.e. methodological muddling), or has not progressed enough to pass the descriptive stage of analysis. The theory, which was

⁴ concerning the originally developed conditional matrix and paradigm model

created through the analysis of the foreign-market-expansion cases, made full use of the grounded theory methodology

All in all, grounded theory is largely inductively derived from the study of phenomenon it represents. It is discovered, developed and provisionally verified (Strauss and Corbin 1990) through systematic data collection and data analysis. The levels of analysis were crucial in order to arrive to more refined integration of abstract concepts that covered the behavioural variation. But still, one could achieve reasonable simplicity of overall perspective.

Undeniably, the requirement for accuracy, consistency, extensibility, simplicity and fruitfulness should be widely employed within all scientific disciplines, with any applied paradigm and methodological consequences. With the aim of discussing strengths and weaknesses of the GT methodology, both the researcher and the audience should understand what the grounded theory can do and what it cannot. What is the use of the grounded theory results and for what it is not suitable? What grounded theory can provide is a way of thinking about the phenomenon. Indeed, I could detail and present the way of thinking, in the original research project, as a discussion of ideas and display the complex relationship between the ideas. The relationships were embedded in the particular context, which set forth social structural conditions that supported interactions, consequences of interactions and how interactions change over time. On one hand, this grounded theory investigation contained radical implications. On the other hand, it did not offer direct solutions to individuals (Goulding 1998). It is not predictive about the treatment of individual cases and is provisional in light of fluidity of the social phenomena investigated. Still, the cases were "not simply a somewhat useful secondary tool for the serious work of scientific hypothesis testing (Edwards 1998) but" a substantial method for advancing

knowledge. In this sense, any strong theory building case study should have a good but not necessarily perfect fit with the data. Indeed, another evaluative criteria of any grounded-theory should be how plausible explanation it offered of the phenomenon under study Glaser & Strauss (1967). The trustworthiness of grounded theory investigation can be evaluated by criteria such as; the informant's social world must be vivid, the research process must be detailed and conform to the requirement of constant comparative method i.e. rigorousness. All these referred to how the grounded theory methodology in general and in the study in question, depended on the *constant comparative method*. The application of the constant comparative method can be evaluated according to how the result, the theoretical output, fit with the real world. How it could work across a range of context and, if relevant, is it readily modifiable? In the case of the original study, whether the new framework and the concept of maintenance of organisational momentum is relevant to people concerned. Last but not least, the degree of fit, with antecedent literature, is also a serious issue. Whichever part of the generated theory did not fit or support the existing literature, the variation had to be explained by substantive differences.

Validity is the extent to which a research gives the correct answer (Perry 1998). More precisely, validity refers to the best available approximation to the truth of propositions. Traditionally, the reliability of a study means that it is fully replicable. Replicability is an issue, closely related to the reliability criteria in positivist evaluation. Validity as well as reliability issues are in focus when the discussion goes on about strength and weaknesses of qualitative vis-à-vis quantitative research. However, specifically for a research pursued grounded theory methodology not all objectivist, positivist criteria are appropriate (Strauss & Corbin 1990, Perry 1998).

Grounded theory's complete replication is impossible. Because the varied social

construction of knowledge what the investigator searched for had to accurately describe the context and the techniques of the study, so that subsequent follow-up studies can match them as close as possible (Pettigrew 1990, Goulding 1998). Indeed, the more fully the grounded theory is detailed, if applied to a similar situation, the more it allows the researcher to explain and understand the phenomena. Therefore, it can claim reliability (Perry 1998).

Indeed, it was a key issue in conducting this type of research - from case study towards theory building - why to apply this research strategy. How to combine techniques of the GT methodology evolved in different disciplines and how to evaluate the results - ultimately the theory itself (Eisenhardt 1989, Dyer and Wilkins 1991). As being scientific representation how did one incorporate appropriate purposefully collected evidence, systematic analysis and synthesis of the facts that both made sense and were true to the evidence (Ragin 1994). Indeed, the inductively derived, in-depth empirical study highlighted variables omitted in established models. It may have captured more about the diversity of competitive situations, the range of actual strategy choices, and the extent to which important parameters cannot be fixed but are continually in flux. That is why Porter (1991), for instance, called for more inductively derived management studies. Because this types of studies can capture much of the complexity and can "... Identify the relevant variables and the questions that the user of the framework must answer in order to develop conclusions tailored to a particular industry and company" (Porter 1991). Ever before, today's circumstances dictate to study best practices.

Qualitative research strategies are pursuing research on commonalties, unlike comparative research on diversity and quantitative research on relationships between variables (Ragin 1994). Best fitting research goals to qualitative research strategy can

be interpretation of significance, advancement of new theories and voice giving. In this research, the main goal was to search explanations for variation, which connotes of interpretation of significance. However, not by extending the possibilities the original setting gave, during the research process advancing a new theory as well as giving voice got also significance. *In respect to all these aims, using the grounded theory with the offered systematic analysis tools could help to establish a common platform, as it was not necessarily evident on all sides - west & east and academics & practitioners.*

The GT methodology is relevant in studying any social phenomenon processual by nature, because grounded theory generates theory about social processes (above the originators e.g. Pettigrew 1990, 1997, Langley 1999). Foreign market expansion is a social process. That process involves changes. The changes occur over time. The foreign market expansion process is concerned with people and their relations to each other. The social process is not concentrated at any level or rank in an organisation but present everywhere through an organisation. There is a need to understand and include history and culture (Greiner 1998) as elementary influence on business practitioners. All in all, structural social and psychological elements of internationalisation are complemented to each other. The GT methodology has capacity to deal with that complementarily.

The goal in this study was to find a theory, which provides good explanations to the six cases selected. At the same time, I needed to grasp the basic social process conceptually (Glaser 1992), which was missing. With GT methodology one was able to do that. Notwithstanding, that GT methodology has the strength to search new concepts, too. However, one could be content with the fact that in the research field of internationalisation there is rather many concepts and those can be seen saturated. I

did not close out the possibility to find new concept, but I could expect not to find entirely new one throughout the analysis.

I investigated the strategic behaviour, i.e. actions and experiences of managers in newly emerging markets. The variety of variables that impact upon foreign market expansion had to be incorporated. The grounded theory methodology utilises the breadth and depth of the data, hence incorporate the variety and range of variables. In this research, the companies' expansion on the Visegrád markets gave the content. The researcher had to select from the mass of presented qualities those that gave light on that content. These qualities were tentative until they were linked with an explanation and confirmed by further data. Better clues might have been neglected in the initial data collection. Thus, only by continued cycling (iteration) back to the raw empirical material it was possible to discover and modify a less adequate explanation. For me the theory generation rather than theory testing that prevailed more relevant. To apply the grounded theory methodology was sufficient because with that methodology one can search for theoretical explanation to data based on the data itself. Indeed, to the necessary iterative process the grounded theory methodology explicitly offered useful tools (i.e. coding, constant comparison and paradigm model). With respect to the mechanisms I have incorporated into our theoretical frame I quote Elster (1989).

"There are the mechanisms which we can explain, but that does not mean that we are able to predict when and which mechanism will come into force. The social sciences can identify tendencies, inclinations and mechanisms through their effects on human behaviour. However, social sciences are less able to give minimum but enough dependencies in order to predict the start of a particular mechanism."

All in all, the mechanisms did not need to be general, but still one must believe that our knowledge grows while we know more about how many different ways things can

happen. At any rate, the results of this study gave new insights, concerning for instance, how far step-wise internationalisation might be from reality.

The very findings also might justify the applied process of theory development. The sense-making process of strategy-in-making glued the other processes together in light of the identified forces. Strategy making - as we all understood - is always making something new, and, that should mean it is beyond normal science (Kuhn 1970 2nd edition). A new theory (paradigm), which has relevance is either accords with reality as people see it, or it comes close enough, so that people who do not accept it have to attack it (Kuhn 1970, Wells 1995). Experience shows that it takes time for theories to be credited or discredited. While one waits, perhaps, the vigour and extensiveness of the debate about its adequacy will judge the utility of the theory grounded on a few cases supplied qualitative data on the phenomenon of foreign market expansion.

Summary

In background of the original subject matter and the theoretical pre-understanding, I have presented the major arguments for applying the grounded theory approach. More of the 'technical' advantages and disadvantages were the question of how the methods were really applied. In this manner I have tried to outline the benefits and pitfalls of this approach.

In management sciences knowledge is created in a context of application (Partington 2000, see also Weick 1983). Research demand arises more from the concerns of society than from the desire of academic progress. In the field of management the knowledge production system should aim to bring together the supply side (e.g. research institutions and universities) and the demand side (businesses). That is to say,

effectiveness depends on a rapid interplay between management theory and practice. Academics learn from managers, processing actions and words into normative benchmarks and blueprints for management practice. In parallel, managers learn from that what the researchers develop such as applied and practically derived theories. The valuable knowledge should be characterised with trans-disciplinarity. The interdependence between knowledge supply and knowledge demand leads to the call for more inductive and theory-building studies. In other words, using empirical data to build theories, which are useful and up-to-date should be seen relevant.

Hopefully, the theoretical-results may act as a stimulus for sorting out problems, which have remained below the surface. Case study should provide ways of thinking about problems. The goal here was not less than to achieve deeper and richer understanding of the social context in which the studied cases are working, and make the actors aware of the problems, and of the possibilities of the solutions. Despite obvious methodological limitations, the study is believed to be a valuable step towards the development of the empirically validated, integrative dynamic framework that the field of internationalisation still could benefit from. I found the combination of GT methodology and the contextual mode of analysis especially fruitful in achieving integration and dynamism of the theory.

References

- Ansoff, Igor H. (1957) Strategies for Diversification, *Harvard Business Review*, September-October, 113-124.
- Baker, Michael J. – Becker, Sven H. (1997) Pioneering new geographical markets, *Journal of Marketing Management*, Vol. 13, No 1/3, 89-104.
- Bashkar, Roy (1975) *The Realist Theory of Science*. Leeds Books, Leeds
- Creswell, John W. (1998) *Qualitative Inquiry and Research Design: Choosing Among Five Traditions*, Sage Publications: Thousand Oaks, CA.
- Dyer, W. Gibb, JR. – Wilkins, Alan L. (1991) Better Stories, Not Better Constructs, to Generate Better Theory: A Rejoinder to Eisenhardt, *Academy of Management Review*, Vol. 16, No. 3, 613-619.

- Dwyer, F. Robert – Schurr, Paul H. – Oh, Sejo (1987) Developing Buyer-Seller Relationships, *Journal of Marketing*, Vol. 51, No. 2, 11-27.
- Edwards, David J. A. (1998) Types of Case Study Work: A Conceptual Framework for Case-based Research, *Journal of Humanistic Psychology*, Vol. 38, No. 3, 36-70.
- Eisenhardt, Kathleen M. (1989) Building Theories from Case Study Research, *Academy of Management Review*, Vol. 14, No. 4, 532-550.
- Elster, Jon (1997) *A tarsadalom fogaskerekei*, Osiris Kiado, Budapest, *Nuts and Bolts for the Social Sciences*, Cambridge University Press, 1989
- Eriksson, Kent - Chetty, Sylvia (1998) The development of experimental knowledge in internationalisation through customer-supplier relationship, In: *Proceedings of the 27th EMAC Conference*, Track 2, International Marketing, Stockholm, Sweden
- Glaser, Barney G - Strauss, Anselm L (1967) *The Discovery of Grounded Theory, Strategies for Qualitative Research*, Aldine Publishing Company, Chicago
- Glaser, Barney G. (1992) *Emergence vs. Forcing, Basics of grounded theory analysis*, Sociology Press, Mill Valley, CA
- Goulding, Christina (1998) Grounded theory: the missing methodology on the interpretivist agenda, *Qualitative Market Research: An International Journal*, Vol. 1, No. 1, 50-57.
- Greiner, Larry E. (1998) Evolution and revolution as organisations grow, *Harvard Business Review*, Vol. 56, No. 3, 55-67.
- Huffman, B. (2001) What makes a strategy brilliant? *Business Horizons*, Vol. 44, No. 4, 13-20.
- Kuhn, Thomas S. (2000) A tudományos forradalmak szerkezete, Osiris Kiado Budapest, *The structure of scientific revolutions*, 2nd Edition, University of Chicago Press, Chicago 1970
- Kvale, Steinar (1996) *InterViews. An introduction to Qualitative Research Interviewing*, Sage Publications: Thousand Oaks, Ca.
- Langley, Ann (1999) Strategies for theorising from process data, *Academy of Management Review*, Vol. 24, No. 4, 691-710.
- Lincoln, Yvonna C. (1995) Emerging Criteria for Quality in Qualitative and Interpretive Research, *Qualitative Inquiry*, Vol. 1, No. 3, 275-289.
- Liuhto, Kari (1999) The organisational and managerial transformation in turbulent business environments - Managers' views on the transition of their enterprise in some of the European former Soviet republics in the 1990's, *Publications of the Turku School of Economics and Business Administration*, Series A-9:1999, Turku
- Lukka, Kari – Kasanen, Eero (1993) The Problem of Generalizability: Anecdotes and Evidence in Accounting Research. Unpublished Working Paper
- Meyer, Margit – Müschen, Jutta (1999) Entry Strategies for Central and Eastern European Markets. *Proceedings of the 28th EMAC Conference*, Berlin, 11-14.5.1999
- Miles, Mathew B. - Huberman, A. Michael (1984) *Qualitative data analysis, A sourcebook of new methods*, Sage Publications: Newbury Park, CA.
- Miller, Steven I. – Fredericks, Marcel (1999) How Does Grounded Theory Explain? *Qualitative Health Research*, Vol. 9, No. 4, 538-551.
- Nasierowski, Wojciech (1996) Emerging Patterns of Reformation in Central Europe: The Czech Republic, Hungary and Poland, *Journal of East-West Business*, Vol. 2, No.1/2, 143-171.
- Parry, Ken W. (1998) Grounded Theory and Social Process: A New Direction for Leadership Research, *Leadership Quarterly*, Vol. 9, No. 1, 85-105.
- Partington, David (2000) Building Grounded Theories of Management Action, *British Journal of Management*, Vol. 11, 91-102.

- Pettigrew, Andrew M. (1990) Longitudinal Field Research on Change: Theory and Practice, *Organisation Science*, Vol. 1, No. 3, 267-292.
- Pettigrew, Andrew M. (1997) What is a Processual Analysis? (Special Issue Reflections on Conducting Processual Research on Management and Organisations, Guest Ed. Ropo, Arja - Eriksson, Päivi - Hunt, James G.), *Scandinavian Journal of Management*, Vol. 13, No. 4, 337-348.
- Ragin, Charles C. (1994) *Constructing Social Research, The unity and diversity of method*, Pine Forge Press, A Sage Publications Company
- Ryan, Bob - Scapens, Robert W. - Theobald, Michael (1992) *Research Method and Methodology in Finance and Accounting, Methods of Case Study Research*, Academic Press, London
- Strauss, Anselm L. - Corbin, Juliet (1990) *Basics of qualitative research: grounded theory procedures and techniques*, Sage Publications, Inc
- Weick, K.E. (1983) Managerial thought in the context of action In S. Srivastava et al. *The Executive Mind*, Jossey-Bass Publishers, San Francisco
- Wells, Kathleen (1995) The Strategy of Grounded Theory: Possibilities and Problems, *Social Work Research*, Vol. 19, No. 1, 33-37.
- Wilson, Elizabeth J. – Woodside, Arch G. (1999) Degrees-of-Freedom Analysis of Case Data in Business Marketing Research, *Industrial Marketing Management*, Vol. 28, 215-229.
- Yin, Robert K. (1989) *Case study research, Design and methods*, Sage Publications: Newbury Park, CA.
- Young, Stephen - Hamill, Jim - Wheeler, Colin - Davies, J.R. (1989) *International market entry and development*, Prentice Hall, Englewood Cliffs, 1-38.

