Prospecting theoretical approaches to understand internationalization of creative economy firms

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ABSTRACT

We argue that the internationalization process of firms in the creative economy has particular aspects that distinguish it from internationalization of firms in traditional economic sectors. We explore ways in which the international business literature might be helpful for understanding how internationalization takes place in firms whose core business is creation of ideas. We conducted a case study using a focus group technique to investigate a creative economy firm specialized in computer graphics. The firm already does business internationally as a producer of electronic mockup models, but is transitioning to the computer-generated video production industry. Our results suggest that behavioral approaches to international business related to entrepreneurship, as well as country origin effects and networks theory could be useful to expanding knowledge about the internationalization process in such firms, in which creativity is a critical resource.

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1. INTRODUCTION

In this paper, we explore which theoretical approaches to internationalization might be helpful for understanding how internationalization takes place in firms whose core business is creation of ideas. Most of these firms do business in the creative economy (Higgs & Cunningham, 2008; Higgs, Cunningham, & Bakhshi, 2008; Howkins, 2001). In such firms, creativity, which can be defined as the faculty that enables people to derive new forms of knowledge and information, and new technological artifacts and new business models emerge as innovations, not only as products, but also as managerial skills (Florida, 2014).

The international sales of Creative Economy Firms (CEFs) are increasing rapidly and totaled around half a trillion US dollars in 2014 (UNCTAD, 2016). Creative Economy Firms do not recognize country frontiers as market limits (Abecassis-Moedas, Ben Mahmoud-Jouini, Dell’Era, Manceau, & Verganti, 2012). Some CEFs develop specific products, capabilities, and strategies not only to create new products, but also to copy competitor’s products creatively (Yadong Luo, Jinyun Sun, & Lu Wang, 2011). Despite recent interest in the creative economy, few studies have investigated the nature of the internationalization process of CEFs. For instance, combining the search terms “creative economy” and “internationalization” on the Web of Science platform only found two articles. Bianchi and de Figueiredo (2016) investigated how a program created by the Brazilian export promotion agency increased the effectiveness of the internationalization process of architecture

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firms in Brazil, while Chala (2015) evaluated how CEFs in Central and Eastern Europe develop and enter international markets, investigating how they resist the crisis of modern creative industries which occurs mainly in metropolitan areas.

According to Coy (2000), the term creative economy is used to refer to the importance of creativity in decision-making and the varying definitions of the term extend to the way governments approach global business. The creative economy is worldwide and is relevant in both developed and developing economies. One interesting example is Brazil, where the creative economy is included in the service sector in official statistics. According to the Brazilian Ministry of Development, Industry and Foreign Trade (MDIC, 2013), 70% of the Brazilian economy is based on services, employing 75% of the total workforce. The importance of services is also reflected in global statistics. According to the World Factbook, published by the US Central Intelligence Agency, services account for about 63% of Gross World Product (CIA, 2013).

The Brazilian creative economy receives state support for entry into foreign markets. There is a wide-ranging program run by the Brazilian Agency for Export Promotion and Investment (APEX Brasil) that supports many different industries, including the visual arts, music, advertising and production of commercials, franchises, television production, film production, editorial content, design, and architecture services. APEX Brasil runs a range of programs to sustain and promote the international integration of CEFs globally.

Brazilian computer graphics firms are also part of the creative economy. This segment has links with film production, advertising, television companies, architecture, engineering, and construction. Firms from this sector have gained prominence internationally as producers of images and videos created by computers, which are used as much for advertising as for entertainment (Brazilian Content, 2017).

We consider that computer graphics firms represent a slice of the creative economy in which creativity is particularly intense (Florida, 2014). We aimed to discover how theoretical approaches from international business studies can contribute to understanding international integration in the creative economy. Focus groups play a critical pre-

design role in elucidating emerging empirical fields for exploration of new areas (Nassar-McMillan, Wyer, Oliver-Hoyo, & Ryder-Burge, 2010) and the fact that only two studies of internationalization in the creative economy are listed on Web of Science shows that this is one such area. We therefore conducted a case study using the focus group technique to investigate this field. Focus groups are a form of group interview that employs communication between research participants to generate data (Kitzinger, 1995). Participants are asked “how” and “what” type questions to elicit their thoughts, perspectives, and opinions. We applied the focus group technique to a computer graphics firm that produces electronic mockup models for architecture (hereafter e-mocks) and is in the process of rethinking its business model and entering computer-generated video production. As an architectural computer graphics firm, the firm has experience selling e-mocks abroad. Now, in the new scenario, the firm is trying to use its previous experience in that area to sell the computer-generated films they have started producing.

Since we are exploring theoretical approaches that could be used to understand the internationalization process of CEFs, this structure of this paper is unconventional. After introducing the background, we detail the method we employed. We then present the theoretical connections that we suggest, using text citations. Finally, we offer some considerations for researchers intending to explore the internationalization process in the creative economy.

2. METHOD

This section explains the method we selected when designing our study. The route we chose was to study a genuine case of a firm in the computer graphics segment that produces e-mocks. This firm is in the process of changing its business model to become a computer-generated video producer. We collected data using a focus group technique, recording and taking notes. The focus group technique explicitly uses group interaction as part of the method (Kitzinger, 1995). A focus group moderator is responsible for chairing the focus group meeting and an observer conducts direct observation of the participants, taking notes and helping with technical elements (Fusch, Fusch, & Ness, 2017).
In organizational studies, researchers apply the focus group technique in situations in which variables have not yet been validated or to make theoretical connections. For instance, Lim (2002) investigated the ethical behavior of employees using social networks during work time. In international business, Carter (2000) researched ethical issues involving a buyer-supplier relationship, while Manuj and Mentzer (2008) have revealed insights about the applicability of risk strategies when individuals are participating in institutional environments prone to bankruptcies, breakdowns, disasters, and others uncertain situations. When group dynamics work well, the participants work in cooperation with the researcher, taking the research in new and often unexpected directions (Kitzinger, 1995).

After the focus group, we transcribed and categorized data from participants’ utterances, grouping them according to constructs that could reflect theoretical approaches. While the categorization in this exploratory study does not represent conceptual categories, it serves to identify and organize the different stages of the firm’s trajectory and reveal how the participants interpret the external and organizational environments. This approach should make direct contributions that increase knowledge about the creative economy and can also reveal possibilities for use of other scientific methods in future work, as is recommended in the literature (Freitas & Oliveira, 2006; Kitzinger, 1995; Moriarty, 2011). As a pre-design method, a focus group is a useful way to approach new fields of investigation because it provides the researcher with the language and expressions commonly used by the population (Freitas & Oliveira, 2006). Focus groups are also recommended for revealing processes and understanding as-yet unexplored phenomena (Shah & Corley, 2006), irrespective of whether a firm is representative of the whole industry (Barbour, 2008).

Summarizing, this study followed a four-step protocol:

- **First step:** preparation: the moderator and the observer should meet to choose eliciting techniques to function as triggers to direct participants’ attention to specific topics, chosen to provide insights on the firm’s trajectory, while avoiding direct intervention and introducing the minimum possible bias. The moderator and observer should also define the roles that each will play during the meeting. In this case, we decided that the moderator would invite participants to spell out their perceptions of the terms elicited and the observer would take notes. We created four sets of flashcards to be used to elicit topics for exploration. Two sets of flashcards have a connection with temporal aspects, to confirm or rule out gradualist aspects of internationalization. One set was about the firm’s prior history, intended to elicit antecedents: experience, beginning, and the past. The other was about the future: barriers, Brazil, future, government, world, opportunities, success, and 21st Century. The other two sets of flashcards dealt with aspects of the external and the organizational environments. To elicit perceptions of the external environment we used: threats, customers, encouragement, competition. Our interest with regard to the organizational environment was in the role of creativity in the process and so this set comprised the words creativity, extroversion, fanaticism, introversion, intuition, logic, fear, pride, and anger. With the exception of those on the subject of creativity, which are derived from Pinheiro (2009), the flashcards have no connection to existing theoretical approaches, since our intention was to prospect options for future investigations. We provide an overview of creativity as a theoretical field in the next section of the paper.

- **Second step:** focus group meeting: during the meeting, the moderator should explain the roles of the researchers and the function of the eliciting flashcards and ask for permission to record. The moderator should offer the first set of flashcards and ask participants to talk about a card of their choice. When the moderator considers that a set of flashcards have been exhausted, the next set of flashcards should be presented. During this step, the observer should take notes about utterances, gestures, and elements that would not be captured by the audio recording;

- **Third step:** follow-up: after the focus group meeting, the moderator and observer should exchange their notes and perceptions, recording them.
2.1 The case chosen

Hype Studio (HS) is a Brazilian computer graphics firm that started producing e-mocksups for engineers and architects in 2003. One year after it was founded, HS began to provide services to French customers. Internationalization started soon after HS launched its website in English. Over the following eight years, new projects came in through the relationship network they had built up. Since then, the firm has evolved to keep up with technological developments in the field. Currently, HS produces 3D computer-generated video for advertising and entertainment. Hype Studio began with three partners and by 2013 it had twenty employees. During the five years from 2007 to 2012, HS won recognition as both an e-mockup producer and a producer of computer-generated video and short films (Hype Studio, 2014). Prior to 2013, HS worked mainly for the architecture and engineering market. Their international projects included residential and commercial buildings, indoor skiing parks, tunnels and even farms. HS has sold its projects in foreign countries including the United States, the United Kingdom, Norway, France, the United Arab Emirates, Angola, and Romania. Up to 2013, foreign sales accounted for one quarter of the firm’s revenue (HS internal accounting books).

When we were evaluating firms in this industry, we realized that HS is by no means an isolated case. In 2013, an export promotion program run by APEX BRASIL, called Brazilian TV Producers, published a report that stated that 105 Brazilian firms that produce video had international experience (BTVP, 2016). By 2017, the website had been rebranded as Brazilian Content and was listing 137 firms that produce video (Brazilian Content, 2017).

2.2 Preparing for research in a new field

We chose an approach that could identify as-yet hidden avenues in order to trace routes for future exploration, drawing upon Yin’s (2001) suggestions. At first, we had decided to conduct this research using the case study method. However, as pointed out by Gaskell (2000), semi-structured interviews can lead to excessive induction of responses. Additionally, a formal structure could itself have prevented us from achieving our goal of investigating nuances of the field. We needed a technique that would enable us to explore the area, with minimal interference from the researchers and preserving the authenticity of respondents’ contributions. We decided to employ the focus group technique to obtain a broad understanding of the case.

Recommendations about how many participants should take part in focus group meetings range from four to eight members (Freitas & Oliveira, 2006; Nassar-McMillan et al., 2010). While it has been recommended that additional meetings should be held with other elements from the field of study, this would not make sense in the case of such a small business.

Another challenge was to forgo a formal or semi-structured script, without the meeting losing direction. As mentioned above, in the preparatory meeting, we agreed that we would conduct the meeting in four blocks: antecedents, external environment, organizational environment, and perspectives. We chose to adopt this sequence to provide a structure for the meeting. Subsequently, these blocks also provided us with a basis for categorizing the data, although they were not theoretical categories, as explained above.

With respect to adoption of an ontological perspective, even in an exploratory study no researcher is a blank piece of paper. Therefore, we believed that the third block (organizational environment) should include some elements to guide understanding of the firm’s internal dynamics, exploring the organizational climate and organizational behavior of a CEF, and with a focus on the role of creativity. We used a model proposed by Pinheiro (2009) to investigate antecedents of creativity. This model is illustrated in Figure 1.

In the model presented by Pinheiro (2009), two axes intersect. The horizontal axis runs from reflection to extraversion, while the vertical axis runs from logic to intuition. The white area represents the conceptual space discussed in his study, while the black area represents resistance to change, expressed by anger, fanaticism, pride, and fear. From Pinheiro’s perspective, it is more likely that creativity will emerge as a resource in environments in which...
logic and intuition are in equilibrium, and the same is true for reflection and extroversion.

Finally, we investigated how creativity emerges from individuals into a group. A sequence of mental operations take place: cognition, memory (individual level), divergent and convergent thinking (in group interaction) and validation (group approval of application of an idea) (Boden, 1994; Runco, 2001). Thus, it is through an interactive process that ideas are converted into organizational creativity, which may or may not generate innovations (Amabile, 1996).

With the fourth block, our intention was to understand the participants’ perspectives on the firm and its environment. The interlocutor designated as moderator and the observer are important elements of the focus group technique. While the moderator conducts the interview, the observer takes care of technical aspects, like recording and note taking (Freitas & Oliveira, 2006). The notes complement the records, helping to capture aspects that are not encapsulated by the participants’ words alone.

We describe the focus group meeting itself in the next section. Here, we present how we organized the data we collected. We recorded the focus group meeting itself for 90 minutes. Immediately afterwards, the moderator and the observer conducted a 20-minute discussion which was also recorded, documenting their experiences and perceptions as researchers, as is recommended by Freitas and Oliveira (2006).

The transcription of the meeting resulted in thirty-five pages. We identified each of the speakers in the transcriptions of the recordings and the notes. We also made notes that could help to trace connections between our observations in the field and theoretical approaches. Before presenting out analysis, we will describe the focus group meeting.

2.3 Validity and reliability

Since this study is based on primary data, the issues of validity and reliability are critical. When comparing the different findings of research of an interpretive and descriptive nature (Krueger, 1994), validation of research in which the primary instrument is a focus group can be accomplished through a summary of the researchers’ observations after the interview (Freitas & Oliveira, 2006), and additional support for validity can be derived from triangulation of external information against the participants’ perceptions.

For example, reports published by Brazilian institutions (FIRJAN, 2014) and international organizations (UNCTAD, 2016) confirm the respondents’ perceptions of the globalized nature of the industry and the dominance of small businesses, challenging the large global players. Furthermore, data on production of video for advertising and content confirms the participants’ perception of the globalization of production. In 2016, global digital advertising revenue was $20.7 billion, and it is forecast to increase at a rate of 12.5% annually over the next five years (Statista, 2017), which should be reflected in the volume of worldwide production of videos for advertising.

3. THE CASE

Initially, the moderator not only explained the research objective but also gave some guidance to help avoid people talking at the same time or interrupting each other. The moderator explained that they would record the meeting in order to enable transcription of the data. The moderator also explained that he would be showing some flashcards, divided into four different blocks, suggesting that the participants take the flashcards and read them before talking about them, to make transcriptions easier. The moderator also detailed the roles of the moderator and the observer and then asked the participants to introduce themselves, which took about five minutes.
The first participant was the founding partner and CEO of the firm (CEO). The second was the Sales Director (SD). The third was the Team Coordinator (TC). Finally, the fourth was the Production Director (PD). There were therefore six people around the table. We used three recorders to record utterances, to improve the chances of successful transcription, with the participants' permission.

3.1 Antecedents

After the opening remarks, we presented the flashcards experience, beginning, and past. These flashcards were available on the table, and respondents were invited to choose a card and comment on the topic, and then others were given a chance to express their considerations. For the first fifteen minutes, respondents discussed the subject with minimal prompting by the moderator. The first card chosen was experience. Initial utterances were of an expository nature, which gradually developed into debates involving both professional and shared experiences, linked to learning and finding solutions. In the eighth minute, the group brought up with the short film that they were developing as a turning point for the firm. This marked the point at which HS ceased to be specifically an e-mockup producer, becoming a proprietary video producer, i.e. producing videos for which all authorial content is produced in-house, in addition to producing video for advertising agencies.

The short film was not produced in response to demand from customers, but was something that emerged as an interest of the team. To finance production, Hype Studio had sought financial support from the Ministry of Culture. The CEO and others agreed that the short film was an inflection point, “the beginning of a new era for HS” (PD). At this point, the TC argued that it was not so much a start, as a restart, because they had not begun from zero knowledge since they had already sold e-mockups globally. Producing e-mockups helped them to start producing a short computer-generated film, which is more elaborate, and they already had the ability to produce a high degree of detail in the scenery, which they had learned creating e-mockups.

Table 1 lists some lines of research and theoretical approaches of relevance to evidence that emerged from the participants’ discussion of the antecedents flashcards bearing the words: experience, beginning, and past. We do not intend to explore in depth the theoretical approaches that we have identified, the intention is rather to indicate some seminal work that could contribute to future research about internationalization of CEFs.

3.2 External environment

In the second block, the interest was the firm’s interaction with the external environment, which could reveal certain aspects of the creative economy. The keywords were opportunity, customers, competition, threats, government, incentives, and technology. We placed the flashcards on the table. There was no systematic order to use of the flashcards and not all of them were necessarily used.

Table 1
Empirical Evidence from Antecedents block.

<table>
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<tr>
<th>Empirical evidence</th>
<th>Theoretical approach</th>
<th>Potential avenues and authors for further research</th>
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<tbody>
<tr>
<td>“Less than a year later [after participation in an industry event] in 2004, we already started sending work abroad,” (CEO)</td>
<td>International entrepreneurship</td>
<td>Oviatt and MacDougall (1994)</td>
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<tr>
<td>“As I remember, I started in 2001, still at university studying Architecture (...). At the time, Hype only produced images for the real estate market (...). The thing has evolved; we started working with e-mockups for real estate firms. The work grew further. We began working with insertion of characters, until, last year, we ended up changing the firm’s focus a bit, rather than just working with producers. We are now working more with the advertising agency, which mainly involves creation”. (CEO)</td>
<td>Effectuation Theory</td>
<td>Coviello (2006); Sarasvathy (2001); Sarasvathy, Kumar, York, and Bhagavatula (2014)</td>
</tr>
<tr>
<td>“We got funds from the Ministry of Culture. The ministry announced an offer of funding and candidates submitted 900 projects with applications. We were one of 20 selected. That’s when we started a short film.” (CEO)</td>
<td>Institution-based view</td>
<td>DiMaggio and Powell (1983); North (1990); Peng, Lee, and Hong (2014); Xiaobao, Wei, and Yuzhen (2013)</td>
</tr>
</tbody>
</table>

Source: Prepared by the authors.
They were chosen by the respondents according to their whims. The first card selected was opportunity. Once more, the topic led to discussion of their entry into a new business segment, which caters for advertising agencies, as discussed by CD. According to the respondents’ perceptions, there is a process of changing customers as they transition into a new field. Picking up the government card, the CEO said, “The government is the biggest supporter of this project; if we had not been awarded this money we could not have started.” He stopped, reflected for a moment and continued “it is tough for us to get an investor from a private firm to fund a short film for which there is no estimation of box-office revenues, because no one knows where it will be shown.”

The incentive card was chosen next and PD expressed a belief that the chance to make a proprietary video authored in-house is an incentive for their work. At this point, as researchers, we were confronted by the unexpected, as Kitzinger (1995) had warned. With our background in management studies, we had proposed the incentive card as a term that could be used to elicit connections with the institutional environment, but it became clear that we had not made the right interpretation. The respondents understood the word incentive in the sense of professional motivation and returned to the subject of the proprietary short film, which they see as something that motivates and encourages them to work1. In the PD’s words “It is a great incentive for showcasing ability ... when we can move people, for example, the Inter video we made, we know that many people were thrilled, moved to tears. That was pretty cool”. The topic drifted to the role of clients’ emotions, which in turn provoked many emotional contributions from the respondents.

The moderator then challenged the respondents, showing them the threats card. The threat of competitors seems to be a challenging issue because, in their new industry, they still do not know their competitors very well. In the e-mockups business, access to technology by individuals has resulted in a disintegration of competition between competitors, as architects, architecture studios and real estate agencies start to act by themselves. In the new industry, computer-generated video production, they understand that finding channels of communication with clients in advertising agencies is a barrier they need to overcome. They agreed that in the new sector; creativity is a differentiating factor. “I think that creativity is valued much more in advertising than by real estate agencies,” said CEO. The term creativity was therefore brought up before the point we had planned.

On the subject of technology, the participants agreed that access to technology is becoming faster and this can give them more time to meet their customers’ needs, but that technology also introduces the threat of competition from other countries, citing European countries and India. On one hand, technologies are pirated with tacit permission from manufacturers who want their products to be adopted and become dominant, creating dependence. On the other hand, large firms that produce computer-generated video sell their software when they have developed more sophisticated versions, perpetuating their advantages. With regard to technology, they also mentioned the differences in the price of computers in Brazil and abroad. When firms compete in a globalized market, access to sophisticated technological equipment at lower prices increases the competitiveness of some foreign countries, according to the TC.

When asked about the internationalization of the market, the TC said:

\[
\text{I will not say it [the market] is internationalized. I think it is a global thing; nowadays everything is global. No matter if we use software made in Bulgaria, or other software made in the United States. It does not matter where it is made. What matters is that it is made. Someone who makes a plugin, for example, Brazilians participate in open source development programs. Regardless of where a person is nowadays. Evidently, machines here [in Brazil] are more expensive. And services, services cost less in Brazil. (Utterance 2 –TC)}
\]

After this statement, we asked whether the customers are also global. The answer was no, with respect to videos made for advertising agencies. However, when developing proprietary videos, since they are working with public funds, the work is reflected globally. Eventually, it becomes a topic of discussion on the Internet in several countries.

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1 After the focus group meeting, we reflected that this observation identifies motivation as an important driver of creativity, which merits further investigation in the future.

8 Sport Club International – a soccer team from Porto Alegre, Brazil.
simultaneously, although this has not yet translated into revenue.

In turn, the CEO remembered that for e-mockups, the path to internationalization was very quick, stating that “With an e-mockup, we work for Dubai, England, Denmark, USA, Canada, France, Angola, and Cyprus. I still do not know how it happened. Our text was in English [on the site]; customers liked it. At the time, I think it was easier to sell. It was much cheaper to hire people from outside.” (Speech 3). In its new sector, HS still has no overseas customers, even though they know that one of their competitors works for foreign clients, and this is one of HS’ goals. However, they see the economic crisis in Europe as regrettable, since it reduced demand for their services. Asked about foreign firms’ motivation for hiring Brazilian producers, the CEO explained that it is a balance between cost and creativity in production.

The empirical evidence observed in the responses to the terms opportunity, customers, competition, threats, government, incentives, and technology is summarized in Table 2.

The next block is intended to provide an understanding of participants’ perceptions of HS’ internal environment, and the impact that the internationalization process has had on the firm.

### 3.3 Organizational Environment

We used induction to encourage respondents to address the role of creativity. Using an existing theoretical construct, we presented some elements of the Pinheiro (2009) model of an environment that fosters creation. The flashcards we used were: creativity, extroversion, fanaticism, introversion, intuition, logic, fear, pride and anger. Initially, the was murmuring, and the participants exchanged laughter and glances, then PD said that all of the words were present in the firm environment. The CEO then reflected as follows: “I will tell you that it is a good thing. When I started Hype, I was afraid to go near the others and see an army of myself several times. It could be bad because everyone would think like me, and the firm would never innovate”. According to him, the organizational climate is pleasant, and any differences of opinion are treated with honesty, seeking synergy. Also, the firm encourages employees to take leisure time, to improve the organizational climate.

The moderator then prompted the group with the fear card. They stated that there is fear of failing to hit deadlines agreed with customers by the managers, usually set by the CEO. The PD stated that the centralization exerted by the CEO frightens some employees because it imposes time pressures and

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<th>Tab. 2</th>
<th>Empirical Evidence from External Environment block</th>
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<tbody>
<tr>
<td>Empirical evidence</td>
<td>Theoretical approach</td>
</tr>
<tr>
<td>“In this business, firms may offer everything, depending on each one’s creativity. Hype offers something different for each product; I do not see this type of competition as a threat.” (TC)</td>
<td>Transaction Cost Theory/Networks</td>
</tr>
<tr>
<td>“Whoever had greater automation of the process won more business…” (CEO)</td>
<td>Internationalization</td>
</tr>
<tr>
<td>Dialog between respondents: “Nowadays, we can render in the cloud. You can have a local cost estimated at ten thousand dollars, but I can also send a file to London, and they will render everything in an hour and send it back”. (CEO)</td>
<td>Networks</td>
</tr>
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<td>“... it is technology. There is always something new, because of that, you will do it better than before.” (PD)</td>
<td>Internationalization</td>
</tr>
<tr>
<td>“Or you can go faster. If you do something faster, you have more time to do it better. If you can only do one test you do it one way. If you do ten trials, you will be able to do it better.” (TC)</td>
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<tr>
<td>“Result: lower cost” (CD)</td>
<td>Innovation</td>
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<tr>
<td>Dialog between respondents: “Pixar itself: they are so far ahead, it is that they are developing the technologies that we will use in two or three years,” (CD)</td>
<td></td>
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<tr>
<td>“They [the large players] create the technology, use it and then sell it,” (PD)</td>
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<tr>
<td>“Hence, we have to be chasing technology,” (TC)</td>
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</table>

Source: Prepared by the authors.
demands attention to the minutest details of activities. The PD also used the example of this statement to illustrate the degree of freedom of expression within the organization that enables everyone to say this to the CEO himself.

The moderator then presented two flashcards together, logic and intuition, and asked respondents to reflect on them. The SD said that intuition was present when formulating budgets. After laughter from the others, he explained that it was difficult to submit an initial budget because the customers often do not know exactly what they want, which affects costs. According to the PD, this is more evident with clients for videos, because HS develops stories that require creativity. He said that when working with creativity, price setting is even less logical. As SD stated, prices are indeed set for these customers on the basis of intuition.

Table 3 summarizes the findings.

3.4 Perspectives

In the last block, the moderator introduced the flashcards: barriers, Brazil, future, government, world, opportunities, success, and 21st century. The PD said the firm wanted to become a leader in computer-generated video production for TV, film, and advertising. When asked if they have a strategic plan, the CEO said they are just starting to develop a strategic plan and that these ideas are already in discussion with the group. Another participant (who could not be identified from the recording) said the firm would become global. The next issue posed to the group was linked to another card, Brazil: Does being a Brazilian firm help or hinder? There were contradictory responses. The TC said that what hinders is the difficulty of acquiring technology when compared to other countries, since prices are higher in Brazil. In general, as mentioned, Brazilian labor is well valued abroad and they benefit from associations with joyful elements such as Carnival and soccer, for example. The TC perceived some prejudice against Brazilian production, but as just a naïve perception on the part of the man in the street, which does affect decision-making and is related to the outdated clichés. The CEO did not think there was prejudice. He said the biggest problem was sourcing well-trained professionals.

The group’s general perception was that there are many opportunities right now, with the advent of new technologies. The small studios’ quality is already comparable to what large studios are producing. Furthermore, as reported by the SD, foreign studios are setting up branches in Brazil, with an eye on the creative abilities of Brazilians, giving the case of a Polish studio as an example. Paradoxically, they consider that geographic location is an element that has decreasing influence on investment decisions. It is irrelevant where the professional is, because most have access to cutting edge technologies.

According to the participants, it is a challenge to enter the largest market in Brazil, which is São Paulo. According to the CEO, this was where HS had centered its efforts. São Paulo is the market that pays best in the country, but has higher labor costs. Since HS is located in Porto Alegre, in Rio Grande do Sul state, their costs are lower, which enables competitiveness. The firm was still seeking an opportunity because it is dependent on access to large advertising agencies. The CEO reflected, “It is funny. When we were only working with e-mockups, we began in Porto Alegre, São Paulo, and went worldwide. When we shifted the focus, we came back

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<tr>
<td>“I think we have a variety of people, and one of our advantages is that we have different personalities in our group, they also come from several areas like architecture, IT. In the end, it generates some exchange of information within the group,” (CEO)</td>
<td>Gradualist learning of internationalization</td>
<td>Johanson and Vahlne (1977)</td>
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<td>“We were very lost. We had a very vague idea. We wanted to make a short film and had no strategy. We just had an idea in mind, just that, make a short film and we will soon make a feature film.” (CEO)</td>
<td>Internationalization x Effectuation Theory</td>
<td>Kalnic, Sarasvathy and Forza (2014)</td>
</tr>
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<td>“The computers here, we pay more for them. So, we will lose competitiveness abroad. In the US, they are still cheaper. Their computers are better than ours and are still less expensive.” (SD)</td>
<td>Home country effect</td>
<td>Artur, Brito and Vasconcelos (2005); Sutter, Polo, Laura, and Macleodnan (2014)</td>
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Source: Prepared by the authors.
to Porto Alegre”. He added that the goal is to win two large clients in São Paulo and then go abroad, as they did with the e-mockups. The moderator asked why they thought about switching markets. The CEO said, “In fact, we say that competition was growing a lot, but the change is because we acquired a taste for the short film we are doing.” The PD reaffirmed that production of the short film was the firm’s watershed. When asked whether this was intentional, TC anticipated and said no. Making a short film was a way that the group found to do something they liked doing, that could help with learning and perhaps could offer an opportunity for winning new clients. The movie therefore preceded demand for services from customers, but, in the words of the CEO, their reaction at the time was, “This is much better than what we’re doing now. Much cooler!”. As the PD put it, “It’s our life!” (Speech 4).

When we asked about perspectives, the group was unanimous in saying they did not intend to continue to make videos that are not authored in-house and for which HS does not hold the rights: “We want to create!” The TC added that “here at Hype we have a different mindset. We share knowledge, even without planning. People like to teach others cool things they have learnt. Here there is not that feeling of ‘if he knows more than me, he will take my place’.”

The recording of the focus group meeting ended after eighty-three minutes of intense exchanges between the participants, in which the moderator played the role of instigator of issues, while the observer recorded the most important points. Then we were invited to watch the short film that was in the final stage of production and had been the catalyst for a transformation in the firm. This presentation took place in another room, but with the presence of all participants and there was evident pride in the work they presented.

Table 4 lists a selection of utterances we recorded in response to the last block, when we presented the flashcards barriers, Brazil, future, government, the world, opportunities, success, and 21st century.

### 3.5 Post-meeting reports

The methodology we selected requires that all the impressions of the participants must be registered soon after completion (Freitas & Oliveira, 2006). This recommendation is intended to ensure that the researchers’ opinions immediately after interviews are preserved. These ideas can then be used to support ex-post analysis (Freitas & Oliveira, 2006). We did this immediately after the focus group meeting, when we recorded our conversation as moderator and observer. Before analyzing the recordings further, we concluded that prior knowledge – derived from the production of e-mockups – had been converted into a resource for video production. Similarly, the experience of serving foreign clients in e-mockup production is likely to accelerate the process of internationalization in video production.

They see themselves as a global firm since they need to serve distant markets and, at the same time, face foreign competitors. Likewise, the firm makes use of collaboration through the Internet, in partnership with professionals of other nationalities. When developing proprietary videos, for example, the firm is careful to address universal themes. This concern may derive from the firm’s environment, in which products are produced and transmitted by electronic means, without a need for large-scale infrastructure such as recording studios.

In the words of the respondents, the production of short films was still not financially sustainable. Although the change in the firm’s profile has resulted in cost cutting, this has not shaken interest in the area. The opportunity to work with their creativity is attractive, and they understand that the possibility of serving the São Paulo market, where the firm can be more competitive, can offer financial sustainability.

### Tab. 4

<table>
<thead>
<tr>
<th>Empirical evidence</th>
<th>Theoretical approach</th>
<th>Potential avenues and authors for further research</th>
</tr>
</thead>
<tbody>
<tr>
<td>“Everybody values creativity highly. Brazil is growing a lot in this respect as well.” (TC)</td>
<td>Internationalization</td>
<td>Home country effect (Artur et al., 2005)</td>
</tr>
<tr>
<td>“In the field of computer graphics, the word ‘where’ does not exist; it can be in the middle of the Amazon jungle. If there is good work, everyone will be looking at it.” (CEO)</td>
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Source: Prepared by the authors.
We highlighted that, in the previous phase, when working with e-mockups; the firm was working in the creative economy, but without using creativity generated within the firm. In their new niche, creativity originates internally and provides the team with satisfaction. Not all firms in the creative economy make use of creativity either as a value or as a resource to generate motivation, blurring the lines delimiting the creative economy. According to the participants, the firm intends to migrate within the creative economy, to internalize its creativity and to create value.

Despite the quality of the firm’s work, the difficulties of entering the market to produce proprietary videos or to serve advertising agencies are still a mystery for the firm. There is myopia in identification of competitors. Currently, the firm identifies as rivals those who produce videos for advertising agencies. However, its focus is to produce proprietary videos, which is a market dominated by major foreign film producers.

We also note that the change in core business has not meant a change in current employees. The same professionals working on production of e-mockups are producing videos. This context may be a cause of endogeneity, which could result in difficulties in accessing new technologies, except for those professionals who are individually able to learn and share with the group through specific workshops. We also note that emerging individual skills were not previously perceptible while working exclusively in the development of e-mockups, which makes professionals more uniform in terms of specific skills. In future, if this profile is maintained, it may also be a limitation on the creative ability of the team.

We noticed that the early phase of the change of activities had formal institutional support. The Ministry of Culture funded the project. It happened due to the CEO’s brother’s knowledge of the business and how to access official resources. The result was that even without a client they were able to produce a video with high production values that served as learning and for dissemination of their film.

Within the open nature of the focus group meeting, some issues were only superficially addressed and could merit further investigation. However, the topics discussed were those that the participants considered most important. One term that was not anticipated by the researchers was piracy. The respondents reported that piracy takes place in this environment, including with the support of the owners of software use rights. By allowing their software to be pirated, they create dependency. This is also an aspect to be investigated in future research.

There was a palpable feeling of belonging in the group. According to the participants, they feel like they are part of the firm and make great effort to grow and transfer to sectors where they feel more valued as creative professionals. Apparently, this feeling concerns the social capital that has been developed. The firm holds regular weekly meetings in which business issues are discussed with the entire team.

4. DISCUSSION: MAPPING THE TREASURE

In this section, we present our analysis of the data collected. Mapping was conducted after recording, transcription, and analysis of the data from the focus group meeting and the observations recorded after it had ended. We chose to categorize the data according to the blocks of questions, since this was an exploratory study in which theoretical approaches that emerged were captured by the researchers.

In the tables presented in the case descriptions (Section 3), we recorded the theoretical evidence that we identified, associated with the excerpts from respondents’ statements that they relate to. In exploratory research, the researcher’s perceptions have a weight that must be considered. This attitude reflects researchers’ past experiences that contribute to understanding a phenomenon. This understanding is aligned with what Weick (1999) refers to as construction of theories from application of a disciplined imagination, as a means to distinguish the absurd from the interesting. A number of different theoretical perspectives may have relevance to a single extract from the focus group.

The structure of this section serves more as a synthesis of our perceptions as researchers than as delimitations for the advancement in research.

We named the first block antecedents. We identified possible contributions to the internationalization approach from the viewpoint of entrepreneurship (Oviatt & MacDougall, 1994), which also connects to the emerging theory of effectuation (Sarasvathy, 2001). The firm’s rapid internationalization in the early years has relevance for the international entrepreneurship approach. The effectuation approach has also been proposed and...
applied in international business studies over the last decade (Coviello, 2006; Sarasvathy et al., 2014; Schweizer, Vahlne, & Johanson, 2010). In parallel, institutional aspects of this scenario could also be investigated, which not only connects to the Institutional Theory (DiMaggio; Powell, 1983; North, 1990) but also to the institution-based view (Peng et al., 2014; Xiaobao et al., 2013). A priori, these data could indicate the theoretical foundations for further study of how firms in the creative economy evolve and connect with the global business.

We named the second block external environment. We grouped the participants’ utterances under three headings. Their perceptions of the external environment have connections to the Transaction Costs Theory (Anderson; Gatignon, 1986; Williamson, 1975), Networks theory (Johanson & Vahlne, 2003, 2009), and theories of Innovation (Cavusgil & Knight, 2015; Knight & Cavusgil, 2004). The Transaction Costs Theory is relevant to the participants realization that foreign computer-generated video firms look for certain characteristics of Brazilian workers, such as creativity, and also for Brazilian economic conditions such as cheap labor. Networks theory has extensive connections to international business studies. In this case, HS interacts globally to access certain skills that they do not have inside the firm or even in Brazil. Innovation is also a constant theme in this block, since the participants are concerned about how they can update their skills to keep up with international trends and circumvent the lack of competitiveness in Brazil caused by the cost of access to state of the art technology.

We named the third block organizational environment. We sought evidence related to the emergence of creativity in the organization and the factors that facilitate its development. We covered the theoretical approach to creativity that we used to elicit this subject in the second section of this paper. Notwithstanding, other theoretical perspectives with connections to international business studies also support the analysis. For example, the gradual learning model of internationalization (Johanson & Vahlne, 1977), is relevant to respondents’ comments about the firm’s previous knowledge of e-mockups. Another connection was use of intuition to create opportunities in a global market, which can be related to the Theory of Effectuation (Kalinic et al., 2014). Similarly, the external environment revealed connections with the organizational environment, which is related to the effects of country of origin (Artur et al., 2005; Sutter et al., 2014) such as institutional and economic barriers and size of the marketplace.

Finally, we named the fourth block perspectives. From our perception of the data collected, we believe it is once more relevant to reference research into the effect of home country (Artur et al., 2005; Sutter et al., 2014), but in this case it has a positive effect. This was evident when participants spoke about the future. We realized that the participants have a sense of the creativity of the Brazilian people as something that may contribute to expanding business abroad, facilitated by the high connectivity that new technologies offer for linking suppliers and clients in the markets HS works in.

5. FINAL CONSIDERATIONS

Our aim in this study was to identify ways in which the international business literature could be helpful for understanding how internationalization takes place in firms in which creativity is a valuable resource. Besides understanding how the internationalization process occurs, we wanted to select theoretical approaches that might be more compatible with advances in the creative economy and its international integration. Our findings contribute in two ways: by investigating a different object of study and by adopting an unusual method to examine internationalization.

In this sense, we partially achieved the primary goal of understanding what drives organizations in the creative economy to act globally. Although this firm already has clients outside Brazil, they only do business globally in their e-mockups business. Their videos have a local orientation. According to the participants, there is an understanding that their previous experience will naturally lead HS to operate in this industry globally. In contrast, a firm in the creative economy can become global even when the creativity comes from outside of the firm. For instance, an architect asks for designs and drawings to be digitized in the form of e-mockups. Interestingly, this can have implications for future goals for the firm.

Additionally, some theories that could be used in studies of the creative economy include behavioral perspectives on internationalization, international entrepreneurship, networks, effectuation, and country of origin effects, which emerged as a
substantial contribution to future investigations. One limitation of our research was taking a closed approach to the organizational environment, which can be explored further in future studies.

In summary, we consider that although several routes may be useful in this research, one contribution was the insight that creativity can be the motivational drive for internationalization itself. In an interconnected world, as we observed in HS, there are creative flows that can bring more creativity into the organizations, affecting motivation, learning, and knowledge.

During the focus group interview, we expanded the horizons in having found a firm in transition. There is no doubt that computer graphics production is part of the creative economy. Notwithstanding, there are organizations within the creative economy that, paradoxically, draw on creativity as a source of motivation, aggregation, and learning. In the words of one interviewee, “What does not exist, we can create. What was nothing could turn into the world.” (SD).

Using the model already developed by Pinheiro (2009) brought the terms creativity, extroversion, fanaticism, introversion, intuition, logic, fear, pride, and anger into the discussion. This appears to have been relevant and allowed us to understand how creativity emerged within HS. The interdisciplinary environment that has developed in HS, with complementarity between its employees, has allowed creativity to unfold and contributed to shaping an environment for competing in the creative economy. Although this situation has led to satisfaction for the people engaged in it, it is not yet capable of providing financial sustainability.

We realize that even when using a method that is designed to keep ourselves from influencing the object of study, we nevertheless brought our experience to the focus group meeting. This starts with the choice of the method of elicitation. The blocks we chose echo previous research experiences, such as a division based on the temporal order of elements (antecedents and perspectives) and environmental change (external and organizational). These limitations are somewhat inherent to the method. Although we were inspired by the assumptions of grounded theory, we used elicitation flashcards that reflect inductive features.

We have also limited ourselves to theoretical descriptions. We did not want to address the theoretical aspects to explain or exhaust them, allowing readers to participate in this work with their own perceptions. We realize that understanding of this field occurred through multidisciplinary lenses, which is in consonance with these organizations’ environment. To do otherwise would limit the ability to capture significant shades in this area.

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Prospecting theoretical approaches to understand internationalization of creative economy firms.


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Prospecção de aproximações teóricas para compreender a internacionalização de empresas de economia criativa

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RESUMO
Argumentamos que o processo de internacionalização das empresas na economia criativa tem aspectos particulares que a distinguem da internacionalização das empresas nos setores econômicos tradicionais. Nós exploramos maneiras pelas quais a literatura de negócios internacionais pode ser útil para entender como a internacionalização ocorre em empresas cujo principal negócio é a criação de ideias. Realizamos um estudo de caso usando uma técnica de grupo focal para investigar uma empresa de economia criativa especializada em computação gráfica. A empresa já faz negócios internacionalmente como produtor de modelos eletrônicos de mockup, mas está em transição para a indústria de produção de vídeo gerada por computador. Nossos resultados sugerem que as abordagens comportamentais dos negócios internacionais relacionados ao empreendedorismo, bem como os efeitos de origem do país e a teoria das redes, podem ser úteis para expandir o conhecimento sobre o processo de internacionalização em tais empresas, na qual a criatividade é um recurso crítico.

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