



DYNAMIC CAPABILITIES TO IDENTIFY AND EXPLOIT INTERNATIONAL OPPORTUNITIES: CASE STUDY IN AN ELECTRONIC GAMES COMPANY

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ABSTRACT

Objective: To analyze how dynamic capabilities are associated with the processes of identifying and exploiting international opportunities. **Method:** The research consists of a case study, qualitative in nature, with a retrospective approach. Data were collected through interviews, documentary research and observation, with triangulation of data sources. The data were analyzed using the Constant Comparison Method and with the help of the Atlas.ti software, version 8.0. **Main Results:** The company analyzed is able to identify international opportunities using network, entrepreneurial and innovation capabilities. The innovation capacity was used only in creation processes, while the others were used in both discovery and creation processes. However, to explore some opportunities, these capabilities were not sufficient, and it was necessary to develop market orientation, learning and adaptation capabilities. **Relevance / Originality:** The literature has sought to explain the processes of identifying and exploiting opportunities based on ordinary capabilities. The approach adopted in this research considers a set of capabilities that are created, adapted or transformed depending on environmental demands, which makes them truly dynamic and enables companies to access international opportunities. **Theoretical / Methodological Contributions:** The contribution of the study lies in understanding what capabilities companies need to develop to expand their international operations.

Keywords: Dynamic capabilities, Born globals, Opportunities, Internationalization of companies.

CAPACIDADES DINÂMICAS PARA IDENTIFICAR E EXPLORAR OPORTUNIDADES INTERNACIONAIS: ESTUDO DE CASO EM UMA EMPRESA DE JOGOS ELETRÔNICOS

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RESUMO

Objetivo: Analisar como as capacidades dinâmicas estão associadas aos processos de identificação e exploração de oportunidades internacionais. **Método:** A pesquisa consiste em um estudo de caso, de natureza qualitativa, com abordagem retrospectiva. Os dados foram coletados por meio de entrevistas, pesquisa documental e observação, havendo triangulação das fontes de dados. Os dados foram analisados por meio do método de comparação constante e com o auxílio do software Atlas.ti, versão 8.0. Principais **Resultados:** A empresa analisada consegue identificar oportunidades internacionais utilizando as capacidades de rede, empreendedora e de inovação. A capacidade de inovação foi usada apenas em processos de criação, enquanto as demais foram empregadas tanto em processos de descoberta quanto de criação. Contudo, para explorar algumas oportunidades, essas capacidades não foram suficientes, tendo sido necessário desenvolver as capacidades de orientação para o mercado, aprendizagem e adaptação. **Relevância / Originalidade:** A literatura tem buscado explicar os processos de identificação e exploração de oportunidades com base em capacidades comuns. A abordagem adotada nesta pesquisa considera um conjunto de capacidades que são criadas, adaptadas ou transformadas em função das demandas ambientais, o que as torna verdadeiramente dinâmicas e possibilita às empresas acessar as oportunidades internacionais. **Contribuições Teóricas / Metodológicas:** A contribuição do estudo reside na compreensão sobre quais capacidades as empresas precisam desenvolver para expandir a sua atuação internacional.

Palavras-chave: Capacidades dinâmicas, Born globals, Oportunidades, Internacionalização de empresas.

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INTRODUCTION

Operating in the international market can provide various advantages for companies regarding learning, competitiveness, and survival (Mudalige, Ismail, & Malek, 2019). To operate in international markets, companies need to start by identifying opportunities (Johanson & Vahlne, 2009). Only in recent years have researchers dedicated themselves to analyzing the processes through which companies identify and exploit these opportunities (Feng, Liu, & Liu, 2023; Tabares, Tavera, Álvarez Barrera, & Escobar-Sierra, 2023).

Some researchers have observed that companies can identify and exploit opportunities while others cannot due to possessing dynamic capabilities (Bhatti, Larimo, & Servais, 2020; Miocevic & Morgan, 2018; Mostafiz, Sambasivan, & Goh, 2019; Weerawardena, Mort, & Liesch, 2019). The reason for that discrepancy is that, while a company's standard capabilities involve administrative, operational, and governance functions, dynamic capabilities allow building and renewing its resources in response to environmental demands (Teece, 2022). One context that most demands reconfiguration by companies is the foreign market (Teece, 2014). This need becomes even more apparent in companies considered born globals, as they are young and have limited resources (Knight & Cavusgil, 2004).

Thus, the dynamic capabilities approach has proven capable of adding a new perspective to the internationalization literature (Schweizer, Vahlne, & Johanson, 2010) and, more specifically, to the literature on international entrepreneurship (Andersson & Evers, 2015). The emphasis on identifying opportunities and responding to environments in the context of internationalization is a natural fit from the dynamic capabilities perspective (Al-Aali & Teece, 2014).

By definition, dynamic capabilities for international operations "revolve around rapid innovation, flexibility across multiple markets, and within different consumer cultures" (Frasquet, Dawson, & Mollá, 2013, p. 1512). In this sense, the processes that involve dynamic capabilities for international operations include:

- the company's position in terms of ordinary capabilities;

- the orchestration processes resulting from the combination of sensing, seizing, and transformation processes;
- the path (strategy) of international expansion (Teece, 2014).

Some research has recognized that dynamic capabilities are necessary to capitalize on opportunities in foreign markets (Feng et al., 2023; Hermawati, 2020). However, despite their proven relevance, this theme has been addressed in a limited way. The literature has indicated the need for more research on dynamic capabilities, particularly in born global companies (Kessler & Zipper-Weber, 2024; Nguyen & Mort, 2021; Weerawardena, Mort, Liesch, & Knight, 2007) from emerging countries (Paul & Rosado-Serrano, 2019).

Most studies have sought to explain the processes of identifying and exploiting opportunities based on standard capabilities (Bhatti et al., 2020; Feng et al., 2023; Mostafiz et al., 2019; Weerawardena et al., 2019). The approach adopted in this research considers a set of capabilities created, adapted, or transformed in response to environmental demands, making them genuinely dynamic and enabling companies to access international opportunities. The goal of the research was to analyze how dynamic capabilities are associated with the processes of identifying and exploiting international opportunities.

1. LITERATURE REVIEW

1.1. Defining international opportunity

The processes of identifying international opportunities have attracted the interest of several researchers (Chandra, Styles, & Wilkinson, 2012; Mainela, Puhakka, & Servais, 2014; Mostafiz et al., 2019; Tabares et al., 2023). Some of the aspects that have proven relevant to these processes include a state of alertness and active searching (Kontinen & Ojala, 2011), prior knowledge, social networks, entrepreneur characteristics, and environmental conditions (George, Parida, Lahti, & Wincent, 2016).

Ratajczak-Mrozek (2015), for example, concluded that local relationships are crucial for identifying international opportunities in the early stages of the internationalization process. On the other hand, El-

lis (2011) warns that the search for external partners can be an uncertain and complex process, resulting in high costs. In general, the strength of social ties has been recognized as relevant for identifying international opportunities (Smans, Freeman, & Thomas, 2014), including both entrepreneurs' social networks and business and institutional networks (Ahmadian & Abdolmaleki, 2018).

Regarding the processes of exploiting opportunities, some authors consider these processes simultaneous with identification. They generally adopt a constructivist approach, arguing that, during the creation of opportunities, these are exploited and modified (Mainela et al., 2014). Chandra (2017) argues that internationalization is not a simple sequential process in which one first discovers an international opportunity and then decides whether to exploit it. On the other hand, some authors advocate the processes of identification and exploitation as consecutive stages (Miocevic & Morgan, 2018; Mort & Weerawardena, 2006; Mostafiz et al., 2019; Uner, Cetin, & Cavusgil, 2020), so that some companies might be aware of opportunities in foreign markets but cannot exploit them. This understanding is shared in the development of this study.

In general, older definitions of international opportunity relate it to the first entry into a foreign market (Chandra et al., 2012), the development of products or services for international operations (Nordman & Melén, 2008), or acting in new international markets (Muzychenko & Liesch, 2015). In turn, more recent studies have recognized that, rather than just considering the first entry, companies that are already operating overseas can identify opportunities in other foreign markets, making it relevant to analyze subsequent entries (Zhou & Liao, 2024); also, that in addition to new products, the opportunity for expansion into foreign markets can occur with the same products or services (Mäkelä, Nummela, & Paavilainen-Mäntymäki, 2023); and that not only entering different foreign markets matters, but also increasing companies' market share in international markets where they are already active (Terán-Yépez, 2023).

Therefore, we chose to adopt the broader understanding that an international opportunity is the possibility of gaining advantages through operations in foreign markets. This understanding encompasses

both created opportunities (Autio, George, & Alexy, 2011; Chavan & Agarwal, 2016; Kalinic, Sarasvathy, & Forza, 2014; Parente, Baack, & Hahn, 2011) and discovered ones (Bai & Johanson, 2019; Rezvani, Lashgari, & Farsi, 2019; Tuomisalo, 2019), which may or may not be exploited (Alonso, Kok, & O'Brien, 2019; Mort & Weerawardena, 2006; Schweizer et al., 2010; Weerawardena et al., 2019), aligning with the conceptual choices assumed. Moreover, the source of international opportunities can be internal or external. When internally originated, the company itself recognizes them (Kontinen & Ojala, 2011); when externally, the opportunities are presented by third parties, such as suppliers or partners (Jacob, Belderbos, & Lokshin, 2023; Zeng, 2022).

1.2. Defining internationalization capabilities

Al-Aali and Teece (2014) establish the relationship between international opportunities and dynamic capabilities. The authors explain that the processes through which a company's ordinary capabilities become dynamic during its international operations involve identifying and exploiting these opportunities. Initially, however, the literature on business internationalization explained the processes of identifying international opportunities based on external aspects of the company, such as obtaining market information (Johanson & Vahlne, 1977) or the role of networks in obtaining this information (Johanson & Vahlne, 2009). Even when these studies included internal aspects, the focus was on the entrepreneur's ability to perceive opportunities in the environment (Oviatt & McDougall, 1994).

Nevertheless, in line with Al-Aali and Teece (2014), more recent research has indicated that internal aspects play a central role in the processes of identifying and exploiting international opportunities (Feng et al., 2023; Mihailova, 2023), especially when it comes to born global companies (Prange & Verdier, 2011). This approach considers that ordinary capabilities may not be sufficient given the complexity of operating in international markets. For success, dynamic capabilities are required that enable the orchestration of resources to perceive and shape opportunities, adapting to or modifying the environment (Mudalige et al., 2019).

Researchers have defined dynamic capabilities in various ways, stemming from the field's divergence

based on the most influential authors (Eisenhardt & Martin, 2000; Teece, Pisano, & Shuen, 1997). The literature indicates that dynamic capabilities for international operation differ from those aimed solely at domestic market operations (Al-Aali & Teece, 2014; Peng & Lin, 2021; Prange and Verdier, 2011; Schweizer et al., 2010; Teece, 2014), due partially, for example, to psychic distance (Johanson & Vahlne, 1977). Peng and Lin (2021) argue that dynamic capabilities are distinct depending on the context in which they are used, which makes the concept of dynamic capabilities for internationalization particularly relevant.

It is understood that dynamic capabilities for international operations reside in the interaction between resources and capabilities and orchestration processes (identification, exploitation, and transformation) to enable the company's expansion strategy in international markets (Al-Aali & Teece, 2014). There appears to be an effort in the literature to establish which capabilities are most important for the internationalization process of companies. The bibliometric study indicated the predominance of six groups, as shown in Table 1.

Through the analysis of the articles, it becomes evident that there is divergence on what constitutes dynamic capabilities for international operations. As presented in Table 1, the capabilities relevant to the internationalization process include innovation (Fleury, Fleury, & Borini, 2013), adaptation (Miocevic & Morgan, 2018), learning (Hermawati, 2020), market

orientation (Buccieri, Javalgi, & Cavusgil, 2020; Chen & Jaw, 2009; Gnizy, 2019), entrepreneurial (Ahmadian & Abdolmaleki, 2018; Kontinen & Ojala, 2011; Mort & Weerawardena, 2006), and network capabilities (Kalinic et al., 2014; Smans et al., 2014).

Revisiting seminal definitions, the approach used in establishing these capabilities aligns with the definition by Eisenhardt and Martin (2000). On the other hand, Teece et al. (1997) argue that these capabilities are dynamic routines, lower-level capabilities, or microfoundations of dynamic capabilities (Teece, 2022, p. 123). The definition adopted in this research is based on the logical framework of the dynamic capabilities paradigm, according to Teece (2014).

It is understood that dynamic capabilities are founded on processes (processes), positions (positions), and paths (paths). The processes involve sensing, seizing, and transformation. Positions are formed by the resources and capabilities of the company, and the path pertains to strategies, which can be either deliberate or emergent. Thus, it is recognized that the categories of capabilities identified in Table 1 are, in the dynamic capabilities paradigm, positions, i.e., ordinary capabilities. From this perspective, the understanding is developed that dynamic capabilities for international operation reside in the interaction between ordinary capabilities (positions) and the processes of identifying and exploiting international opportunities and transformation (processes) in a way that enables the strategy (path) for the company's expansion in international markets (Teece, 2014).

Table 1. Categories of capabilities for international operation.

Capability	Definition
Innovation	Ability to develop products (Parente et al., 2011), services (Otengei et al., 2017), or processes (Hermawati, 2020).
Adaptation	Ability of the company to adjust in response to externally imposed demands (Miocevic & Morgan, 2018).
Learning	Ability to acquire and assimilate knowledge, integrate it with existing knowledge, and transform it into solutions (Li et al., 2018).
Market Orientation	Ability of the company to understand the specific needs of each context (Khalid & Larimo, 2012).
Entrepreneurship	Characteristics of entrepreneurs that enable the identification and exploitation of international opportunities (Mostafiz et al., 2019).
Network	Ability to (re)build relationships that allow the identification and exploitation of international opportunities (Mort & Weerawardena, 2006).

1.3. Born globals and dynamic capabilities

Some of the most influential studies on the internationalization process are based on the understanding that it occurs gradually and incrementally (for example, Johanson & Vahlne, 1977). However, profound transformations have rapidly and drastically changed the global business environment over the years. The role of entrepreneurs has been altered, and new approaches have emerged to explain different forms of internationalization. One such approach is international entrepreneurship, which has emerged as a research area (Andersson & Evers, 2015). Within this stream, Rennie (1993) developed the concept of born globals, companies that are global from inception, beginning to export on average just two years after their foundation.

Knight and Cavusgil (2004) deepen the discussion on born globals, defining them as “business organizations that, from or near their inception, seek superior international business performance through the application of knowledge-based resources to the sale of products in multiple countries” (Knight & Cavusgil, 2004, p. 124). Their research highlights the importance of an innovation culture, knowledge, and capabilities for early internationalization.

Building on the pioneering work of Knight and Cavusgil (2004), this area of research has consolidated and demonstrated its growing relevance. It shows that born globals are vital to economic ecosystems, key elements for multinational companies (Zander, McDougall-Covin, & Rose, 2015), and fundamental in generating innovation, employment, and income (Fainshmidt, Smith, & Aguilera, 2022). Additionally, researchers indicate the need for more studies on these companies in emerging country economies (Paul & Rosado-Serrano, 2019).

From the perspective of born globals, some authors have dedicated efforts to analyze how dynamic capabilities favor early internationalization. Weerawardena et al. (2007) explain that, despite limited resources, these capabilities are built by entrepreneurs with an international orientation, making rapid internationalization possible by developing innovative and knowledge-intensive products.

Some of the capabilities that have been linked to the rapid internationalization of companies include learning, network, market capabilities (Weerawardena et al., 2007), ambidexterity (Figueiredo, Ferreira, & Vrontis, 2024), adaptation, innovation (Monferrier, Moliner, Irún, & Estrada, 2021; Nguyen & Mort, 2021), and absorptive capabilities (Chaudhuri, Vrontis, & Chatterjee, 2024).

Based on this discussion, it is understood that born globals are those companies that initiate their international operations rapidly and early (Figueiredo et al., 2024), close to the time of their foundation (Knight & Cavusgil, 2004), and that dynamic capabilities propel this process (Kessler & Zipper-Weber, 2024).

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2. METHODOLOGY

The research consists of a qualitative case study (Merriam, 2009; Pettigrew, 1990). The approach adopted was retrospective, considering the events that influenced the internationalization process up to the time of the study. The moments when the processes of identifying and exploiting opportunities occurred were analyzed from the perspective of critical events (Melin, 1992), marking the company’s internationalization history with moments of continuity and change (Pettigrew, 1990). The capabilities utilized during each of these events were analyzed.

Data were collected through interviews, documentary research, and observation, with triangulation of data sources (Stake, 2007). Therefore, data collection and analysis were conducted to enable:

- mapping the moments when international opportunities were identified (discovered or created) and exploited;
- verifying the capabilities used at each moment.

The company was selected based on the criteria of “planned opportunity” (Pettigrew, 1990, p. 274) and relevance to the subject of study; it was considered one of the leading game development companies in the State of Pernambuco (Banholzer, 2023). Since its foundation in 2005, the company has developed over a hundred games. Its clients and partners are spread worldwide, including Brazil, Argentina, the United States, China, Japan, South Korea, Russia, Belgium, and other European countries.

The interviewees were either the company’s owners or employees with roles related to international operations. They were chosen through non-probabi-

listic and purposive sampling (Merriam, 2009). Ten interviews, of two types, were conducted: three episodic interviews and seven critical incident technique interviews. The main difference between the two is that, in the former, the interviewee has more freedom to elaborate on the situation they are narrating to clarify a specific experience, while in the latter they are asked to narrate problematic incidents with as many details as possible (Flick, 2009).

In the episodic interviews, the interviewees were presented with an explanation of the situations of interest—international opportunities and how they were identified and exploited—and then narrated what they considered relevant about the subject. This stage was used to learn about the company’s internationalization history and the timing of the events.

The data from this research phase served as the basis for developing the interview script for the critical incident technique. The aim was to identify as many critical incidents as possible (moments when opportunities are identified and/or exploited) and subsequently verify the critical requirements that were important for success (or failure) in this process (dynamic capabilities for internationalization). Interviewees were asked how each of the incidents identified in the previous stage’s analysis occurred.

The transcription of the interviews and the observation reports generated 204 pages. Regarding the documentary research, 67 documents were analyzed, totaling 856 pages. The documents used were provided by the interviewees or obtained through research—academic papers or news reports. The following criteria were adopted in the selection of documents: verification of credibility, representativeness, source, and purpose (Flick, 2009).

The data were analyzed using the constant comparison method (Strauss & Corbin, 1998) with the aid of Atlas.ti software, version 8.0. After coding and categorization, the data were temporally located, with 76 codes positioned in time, while 37 codes referred to general aspects of the company’s behavior, the context, or the actors involved, and could not be fitted into the timeline.

With the temporal positioning of the codes and categories, the critical events were divided into three periods:

- 2005 to 2011—related to the company’s inception, which was born global;

- 2011 to 2015—characterized by outsourcing activities and increased focus on the domestic market;
- 2015 to 2020—emphasized coproduction activities and a focus on the children’s market.

Figure 1 presents the temporal milestones. Each milestone represents one or more data categories, detailed in sequence.

2.1. Company characterization

The company, referred to here by the fictitious name “Games,” was founded in 2005 in Recife, Pernambuco. It began operating in the digital entertainment sector, specifically within the electronic games segment. In 2015, it expanded its operations to include educational games. Regarding the products developed, initially, it produced browser games (online games) and downloadable games (games to be downloaded to a computer). Later, it also began working with outsourcing (outsourcing game development) and live operation (modifications to existing games). Additionally, it operates internationally with coproduction (game development in partnership with capital investment).

Games were established with a focus on the international market from the outset. In 2016, the company opened an office in São Paulo when it decided to dedicate more to the national market, reducing its international operations to about 15% of total revenue. It is considered one of Pernambuco’s leading game development companies (Banholzer, 2023). It has approximately 60 direct employees. Since its inception, it has developed over a hundred games. Its clients and partners are spread worldwide, including Argentina, the United States, China, Japan, South Korea, Russia, Belgium, and other European countries.

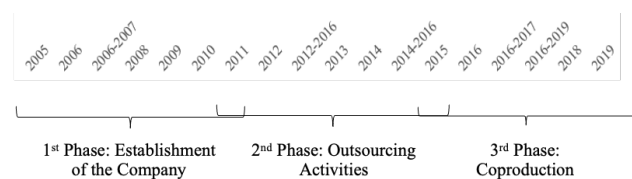


Figure 1. Timeline milestones for each phase of the games company.

3. DATA ANALYSIS

3.1. International opportunities

The opportunities identified and exploited by the company are depicted in Figure 2. It is assumed that the processes of identification and exploitation are distinct (Bhatti et al., 2020; Mostafiz et al., 2019) and that the identification process can occur through discovery or creation (Kalinic et al., 2014; Tabares et al., 2023). Thus, above the timeline are those opportunities that were identified, created, or discovered. Below the timeline are those that were exploited. The moments when the opportunities were exploited are circled.

Games' international activities began in 2005, and the company was considered a born global (Knight & Cavusgil, 2004) like other companies from technology-based sectors due to the ease of making products/services available globally. The company was established in an environment conducive to entrepreneurship, fostered by the partners' relationships with the university and their connection to Porto Digital. Not only did the context encourage

international operations from the start, but the partners already had an international vision.

In this regard, the first two opportunities the company identified in 2006 and 2007 pertained to the distribution of games through portals with global reach. As discussed, the opportunity for expansion into foreign markets occurred with the same products or services (Mäkelä et al., 2023). In these instances, the company did not act by directly targeting end-users but rather through intermediaries. This type of opportunity aligns with Muzychenko and Liesch (2015), who explain that conducting international operations can be achieved directly with customers or through intermediaries. Although the distribution method differed for online games and downloadable ones, the way these opportunities were identified was similar: active searching (Kontinen & Ojala, 2011). There was, therefore, an internal discovery of international opportunities.

Internal discovery occurs when opportunities are available in the environment, and it is up to the companies to discover them. Most of the literature focuses on this approach, influenced by the work of Oviatt and McDougall (1994). Although Games' partners did



Figure 2. International opportunities of the games company.

not have experience in international entrepreneurship, they had visited or studied in other countries, which helped to expand their international vision (Mort & Weerawardena, 2006).

In 2011, the company began participating in international business fairs to build relationships that represented opportunities or facilitated access to them (Johanson & Vahlne, 2009). In 2011, it secured an important client at a fair through a combination of active searching (Kontinen & Ojala, 2011) and relationships (Chandra et al., 2012)—both internal and external discoveries. This partnership led to the development of outsourcing activities. Similarly, the opportunity to engage in the development of Social Casino games was identified in 2015.

Also in 2011, Games started providing game development services for a contractor it worked with. In 2012, this contractor invited it to undertake live operation activities for a major game developer in the United States (external discovery). In line with George et al. (2016), the means by which Games identified these opportunities, involving a state of alertness, systematic searches, and social networks, are among the factors that most affect the processes of identifying international opportunities.

With the knowledge acquired in 2012, Games decided to develop live operation proposals and present them to potential clients (opportunity creation), adopting a more proactive behavior. Kalinic et al. (2014) argue that companies act this way when they lack market knowledge, acting according to their resources and capabilities. Games had information about the market and decided to try to exploit the new capability it had acquired.

The following year, Games was directly contracted by major companies in children's entertainment. Once again, the network of relationships (Johanson & Vahlne, 2009) was the factor that provided access to opportunities, being the main method of external discovery of international opportunities indicated in the literature (Jacob et al., 2023; Zeng, 2022). Thus, the outsourcing efforts were essential to overcome a significant challenge that Ellis (2011) highlighted: the high costs of building international relationships.

In 2015, after undergoing an acceleration process in Silicon Valley, Games adopted a more proactive approach to identifying international opportunities.

In 2016, it recognized a market trend concerning the development of games for Facebook (internal discovery) due to its state of alertness (Rezvani et al., 2019). From then on, the other opportunities identified by the company were a result of internal creation (Kalinic et al., 2014).

The main events of opportunity creation by the company itself occurred in 2016, with a new attempt to develop live operation, when coproduction activities began, and in 2019, when the company managed to exploit the live operation opportunity. This change in behavior in the search for international opportunities throughout the company's history reinforces Ratajczak-Mrozek's (2015) understanding that relationship networks—external discovery—are more relevant at the beginning of the internationalization process. As the company builds its reputation and acquires resources and capabilities, this dependence on networks decreases, and the ability to create opportunities is developed.

Regarding the exploitation of opportunities, Games' opportunities were mainly exploited simultaneously with their identification (Mainela et al., 2014). The only exception was the opportunity identified for Facebook games, which the company could not exploit. In the case of live operation opportunities, initial attempts were made in 2012 and 2016, but exploitation only occurred in 2019, when the company had developed the necessary capabilities (Mainela & Puhakka, 2011).

3.2. Capabilities

The literature review indicated the predominance of six groups of capabilities for international operation: innovation (Fleury et al., 2013), adaptation (Miocevic & Morgan, 2018), learning (Hermawati, 2020), market orientation (Buccieri et al., 2020; Chen & Jaw, 2009; Gnizy, 2019), entrepreneurial (Kontinen & Ojala, 2011; Mort & Weerawardena, 2006), and network (Ahmadian & Abdolmaleki, 2018; Kalinic et al., 2014; Smans et al., 2014) capabilities. In the case of Games, it is possible to identify the use of all six capability groups.

Regarding the theoretical approach to capabilities, it was observed that since Games had already started its activities focused on the foreign market (Knight & Cavusgil, 2004), the capabilities to identify and exploit

international opportunities were developed over its operation in this market (Mainela & Puhakka, 2011). Some of them were developed in the first phase, while developing games to be distributed by third parties: network (Weerawardena et al., 2019) and entrepreneurial capabilities (Mostafiz et al., 2019).

In the second phase, when the company started working with outsourcing, it developed the capabilities of adaptation (Otengei, Bakunda, Ngoma, Ntayi, & Munene, 2017) and learning (Weerawardena et al., 2019). This mode of operation occurred through a combination of deliberate strategy and emergent international expansion strategy. The deliberate strategy involved seeking new clients at international fairs and events and investing in building relationships. As a result, new clients hired the company to develop outsourcing activities, leading to an emergent strategy.

In 2016, during the third phase, the company changed its mode of operation, modifying its strategic direction and seeking opportunities more aligned with its deliberate strategy. Thus, it developed two capabilities for international expansion: innovation and market orientation.

The inclusion of the capability analysis provides additional evidence about the case of Games. This information is presented in Figures 3 and 4, which depict the capabilities used when opportunities were created or discovered and exploited.

Next, it is demonstrated how the company developed each of the capabilities necessary for its international operation and how these capabilities are re-configured in the face of each new opportunity.

Entrepreneurial capability is the partners' characteristics that result in identifying or exploiting opportunities (Mostafiz et al., 2019). The characteristics identified in the Games's case were active search (Kontinen & Ojala, 2011) and international vision (Mort & Weerawardena, 2006). Active search was present throughout the company's trajectory: searching for electronic portals to distribute games, looking for partnerships at international fairs, establishing remote contacts, and sending proposals, among other methods the company used to remain active and up to date in the global market.

The international vision of the partners was built during their time in other countries. It was crucial

from the company's opening, when the partners realized that the domestic market was not promising then. This understanding is verified in interview excerpts and documentary data, where one of the partners recounts the impacts of international operation: "In 2011, we started going to the fair. By 2013, we were already going to three, four fairs every year and it was already a very active search" (Interview 2).

We have seen that what is produced abroad is not very different from the knowledge we have here in Brazil. People get this idea that abroad they know how to do things and fail to see that there isn't much difference. The production process is the same, the knowledge and how they produce are very similar! After all these ventures abroad, we felt much more integrated with the rest of the world (Góes, 2014).

The learning capability involves acquiring and assimilating knowledge and integrating it with existing knowledge to generate solutions (Li, Li, Goerzen, & Shi, 2018). In the case of Games, the learning capability needed to be increasingly refined due to constant changes in the market, technologies, and consequently, the types of products/services developed (Mudalige et al., 2019).

Operating in different countries and in various ways required the company to learn about different business practices, which can be observed in the excerpt from documentary data and interview:

Games underwent various learning processes in its operations abroad. I learned a lot about relationship-building, networking, and the industry's main business models. [...] Acquiring this knowledge was extremely important, both for exporting products and for providing services (Góes, 2014).

The production part changed a lot, project management, the software we used, we started using things that people there also used, [a software] that allows you to see the tasks of the day being done. A lot came from customer demand [...]. So, the production part and the software we use changed, and we learned from the clients (Interview 3).

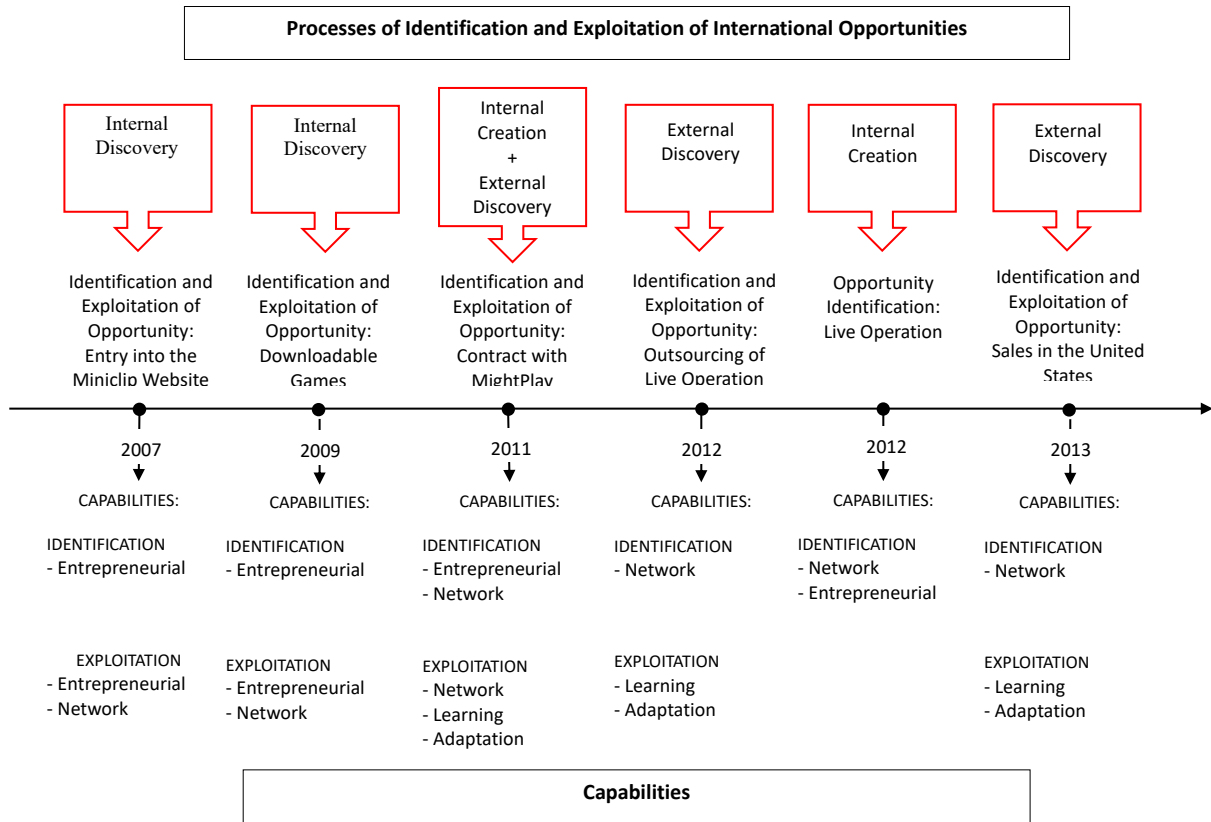


Figure 3. Identification of opportunities and capabilities of games company (1).

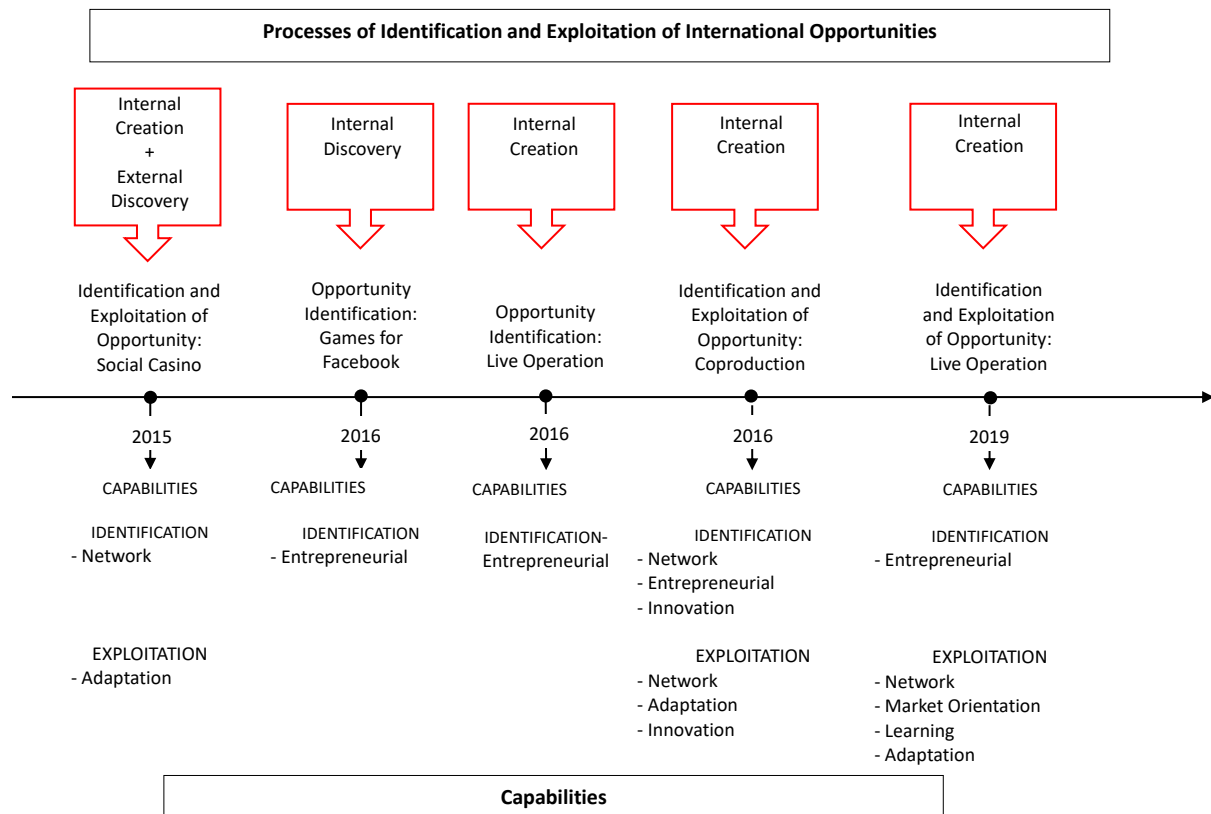


Figure 4. Identification of opportunities and capabilities of games company (2).

Hermawati (2020) explains that this behavior of learning through experiences occurs by integrating new knowledge with existing processes and activities. It must be aligned with the specific needs of the markets, types of products/services, and business models adopted.

The network capability involves the company's ability to build relationships that favor its operations (Mort & Weerawardena, 2006). It is one of the capabilities most evident in the highlighted events of Games' international activities. Table 2 presents examples of how the company uses relationship networks in different ways.

Thus, the company utilized networks for various purposes: to gain knowledge (Kalinic et al., 2014), to leverage skills it did not possess (Ahmadian & Abdolmaleki, 2018), to obtain financial and institutional support for participation in international fairs (Ellis, 2011), to build trust and reputation (Ratajczak-Mrozek, 2015), and to gain access to clients (Chandra et al., 2012).

The literature (for example, Johanson & Vahlne, 2009; Oviatt & McDougall, 1994; Schweizer et al., 2010) acknowledges that gaining knowledge is a widely attributed benefit of building international relationship networks. It is also noted in the literature that networks can help overcome the problem of resource scarcity through the complementarity between companies, which replaces the

need for the internal development of resources (Kalinic et al., 2014).

Regarding the support the company received to participate in international events, Ahmadian and Abdolmaleki (2018) corroborate this benefit when they find that institutional networks positively affect the recognition of international opportunities. Furthermore, regarding the building of trust and gaining access to new customers, Smans et al. (2014) explain that trust-based relationships help identify international opportunities.

Market orientation capability is the company's ability to create resources to access opportunities in specific contexts (Khalid & Larimo, 2012). Games utilized market orientation when it last attempted to operate with the live operation. It was on this occasion that the company successfully engaged with the business model in 2019:

What changed was our understanding of the operation. We now understand better how to work on player retention and community activation. Additionally, today, we have a user acquisition team and a marketing team that runs campaigns and manages the store, which we did not have before. It was just the game production itself. This is important. It's what we call a store management team. And then it's a very specific kind of marketing focused on driving downloads for the game (Interview 6).

Table 2. Different uses of network capability by games.

Purposes	Examples
Obtain Knowledge	"I always try to find someone I can talk to and exchange ideas with, and I've always had a lot of that. [...] And it's good because these people have a very large network of gaming companies. I say, 'Look at such a company, what kind of things are they looking for? How to present yourself to have a better chance?' So, it's that kind of network, mentorship" (Interview 2).
Leverage Skills Not Possessed	"Games obtained and continued to reap significant benefits from partnerships established abroad. First and foremost, the partnerships enabled access to markets that would not be reachable without the use of portals" (Góes, 2014).
Obtain Support for Participating in International Fairs	"There's Apex, the Brazilian Export Agency, [which] has a game export program with Atragames, which is the Game Association, and the name of this program is BGD, Brazilian Game Developers. Through this project, we get support to participate in events abroad" (Interview 3).
Build Trust and Access Clients	"Some people who had worked with us went to other companies and started to recommend us as well. A huge Japanese company, based in the United States, we started working like this and did several important projects, for film. That one, 'Pixels', with Adam Sandler, we made a little game" (Interview 6).

Researchers explain that market-oriented capabilities (Bucciari et al., 2020; Chen & Jaw, 2009; Gnizy, 2019) enable a company to gather information and stay aligned with market needs, thus creating customer value.

The capability of adaptation resides in the company's ability to adjust and respond to externally imposed demands (Miocevic & Morgan, 2018). Games developed this capability in 2011 to exploit all subsequent opportunities. As the video game market changes rapidly, the company needs to adjust its internal processes with each new type of product/service offered (Mudalige et al., 2019). Some of the disruptive changes experienced by the company that modified its way of operating can be observed in the following statement:

Previously, it was more like this [selling the game more during the launch period], mainly because of physical distribution, right? But today, with digital distribution, no. It is more about how engaged you can keep the player. [...] So today, these live ops, this day-to-day operation, are as important or more important than the launch itself. So much so that today we are trying to launch the game as quickly as possible. We launch in just one country or two. And then we develop while the game is already live to understand if it is engaging or not (Interview 3).

It is apparent that the capability of adaptation in the trajectory of Games is necessary not just for the changes that are made in the games and employed technologies but also for operating across different countries and continents (Teece, 2007).

Cultural distance affects both the product and the development process. We have had some specific attempts with a Japanese company and a Korean one, but it is quite complex and very different [...]. Even Europe, in general, is more challenging for us in terms of process. Today, I think 90% of our exports are to the United States (Interview 4).

This account aligns with the concept of psychic distance, understood as factors that can limit or hinder the flow of information between a company and the market, such as linguistic and cultural differences,

political systems, education levels, and levels of industrial development (Johanson & Vahlne, 1977).

In terms of the ability to develop products (Parente et al., 2011), services (Otengei et al., 2017), or processes (Hermawati, 2020), in this case, within contexts of cultural distance, Games needed to innovate to balance the difficulties in taking the risks of developing games on its own (Kalinic et al., 2014) or the need to operate through outsourcing. Thus, it utilized its innovation capability to tailor proposals of a new business model, coproduction, as a way to leverage the complementarity between resources (Kalinic et al., 2014; Teece, 2007), as described in the following interview excerpts: "Since 2010, 2011, [we have been] outsourcing, with a small margin. Then we started to think: we need to scale up somehow. And then the solution we found was to start offering coproduction as an option in the proposals" (Interview 3). "What changed was our understanding of what the operation is" (Interview 5).

The capability developed by Games refers not to changes in products or services but to innovation in business models (Fleury et al., 2013).

3.3. Capabilities for identifying and exploiting international opportunities

The analysis of Games was divided into three phases of international operation, which allows for comparing the use of capabilities across the phases, each lasting about four years. The first phase involved two international opportunities; the second, five; and the third phase, four.

Network and entrepreneurial capabilities were developed in the first phase, soon after the company's inception, while it operated internationally through external distribution agents. Adaptation and learning capabilities were developed in the second phase, during which the company engaged in outsourcing activities. Lastly, innovation and market orientation capabilities were developed in the third phase, in which the company shifted its strategic focus to coproduction activities and succeeded in consolidating the development of live operation activities (game updates).

This structured approach to capability development highlights how Games strategically adapt-

ed and expanded its competencies in response to changing international market conditions and evolving business goals. Each phase of development aligned with the immediate needs and opportunities presented by the market and built a foundation for subsequent phases, demonstrating a progressive enhancement of capabilities crucial for sustaining international growth.

The entrepreneurial attitude, the first capability, was used to identify the two opportunities in the first phase. After that, it was used to identify two opportunities in the second phase and all the opportunities in the third phase. This involved both discovery and creation processes. In the initial phases, it was used to seek partnerships that complemented the resources and capabilities needed for international operations. When it began to operate independently—without distributors or outsourcing—the company used its entrepreneurial capability to create international opportunities.

The demand for network capability was more intense in the second phase, as it was necessary for identifying all opportunities in both discovery and creation processes. In the third phase, it was used only to create one opportunity. Finally, the innovation capability was developed only in 2016, in the third phase. It was necessary to create the coproduction opportunity to execute the company's new strategic direction. Moreover, there was no external creation of international opportunities.

Thus, the initial evidence is in line with the literature review, in that the capabilities of network, entrepreneurship, and innovation are related to the processes of identifying international opportunities and the capability of innovation is related to creation processes (Autio et al., 2011; Chavan & Agarwal, 2016; Parente et al., 2011). As described, the innovation capability was used only in creation processes, while the others (network and entrepreneurial) were used in both discovery and creation processes. This result indicates that the process of identifying international opportunities is supported by the capabilities of innovation, network, and entrepreneurship (evidence 1).

As anticipated in the literature, it was possible to differentiate between the discovery and creation processes of international opportunities in business practice (Bai & Johanson, 2019; Tu-

misalo, 2019). However, as other studies had indicated (Mort & Weerawardena, 2006; Schweizer et al., 2010; Weerawardena et al., 2019), these capabilities were also necessary to exploit international opportunities.

In addition to these capabilities, learning, adaptation, and market orientation were demanded in exploitation processes. The innovation capability was not needed to exploit international opportunities. This result confirms what had been anticipated in the literature about the relationship of these capabilities with exploitation processes (Uner et al., 2020).

The entrepreneurial capability was used to exploit opportunities only from the first phase. The network capability was necessary to exploit opportunities in all phases; learning and adaptation capabilities were needed in the last two phases. Market orientation was used to exploit only one opportunity in the third phase. In the second phase, Games needed to modify its operation continuously. Although it engaged in outsourcing activities, the company developed various types of games for various audiences. After these experiences, the partners recognized the company's resonance with the children's audience.

These insights highlight how dynamic capabilities are instrumental in identifying and creating opportunities and are crucial in successfully exploiting them and adapting to changing market conditions and audiences to maintain relevance and a competitive edge in international markets.

Overall, the innovation capability was necessary only for identification. Network and entrepreneurial capabilities were used in both the identification and exploitation processes of international opportunities. The capabilities of learning, adaptation, and market orientation were used only in the exploitation processes. These findings suggest that the process of exploiting international opportunities is supported by the capabilities of learning, adaptation, and market orientation (evidence 2).

Figure 5 depicts the results of the Games case study, presenting the relation between capabilities and the processes of identification and exploitation of international opportunities, in line with the definition proposed by Teece (2014).

The transformation process is present in the relationships between the capabilities and the processes of identifying and exploiting international opportunities, in how the company modifies and adjusts its capabilities to keep up with environmental dynamism. The understanding that the processes of identification and transformation enable the exploitation process is supported by the fact that international expansion only occurs when international opportunities are exploited.

This comprehensive view highlights the interdependent nature of dynamic capabilities and their role in a firm’s ability to effectively navigate the complexities of international markets. By continuously adapting and learning, a company like Games can sustain its growth and relevance in rapidly changing global environments, ensuring that its strategic maneuvers align with both short-term adaptations and long-term goals.

FINAL CONSIDERATIONS

This research aimed to analyze how dynamic capabilities are associated with the processes of

identifying and exploiting international opportunities. The company identified opportunities through discovery and creation (Johanson & Vahlne, 2009). The identification and exploitation processes were consecutive in the internationalization process (Alonso et al., 2019). The six groups identified in the literature review served as benchmarks regarding capabilities.

The results of this research achieved the proposed objective by indicating that the company can identify international opportunities using network, entrepreneurial, and innovation capabilities. However, to exploit some of the opportunities, these capabilities were not sufficient, and there was a need for the development of market orientation, learning, and adaptation capabilities. Thus, it was also possible to fill the theoretical gap identified, as a set of capabilities created or transformed in response to environmental demands was identified, making them dynamic and enabling companies to access international opportunities.

This study highlights the nuanced interplay between different types of dynamic capabilities and their specific roles in the stages of internationaliza-

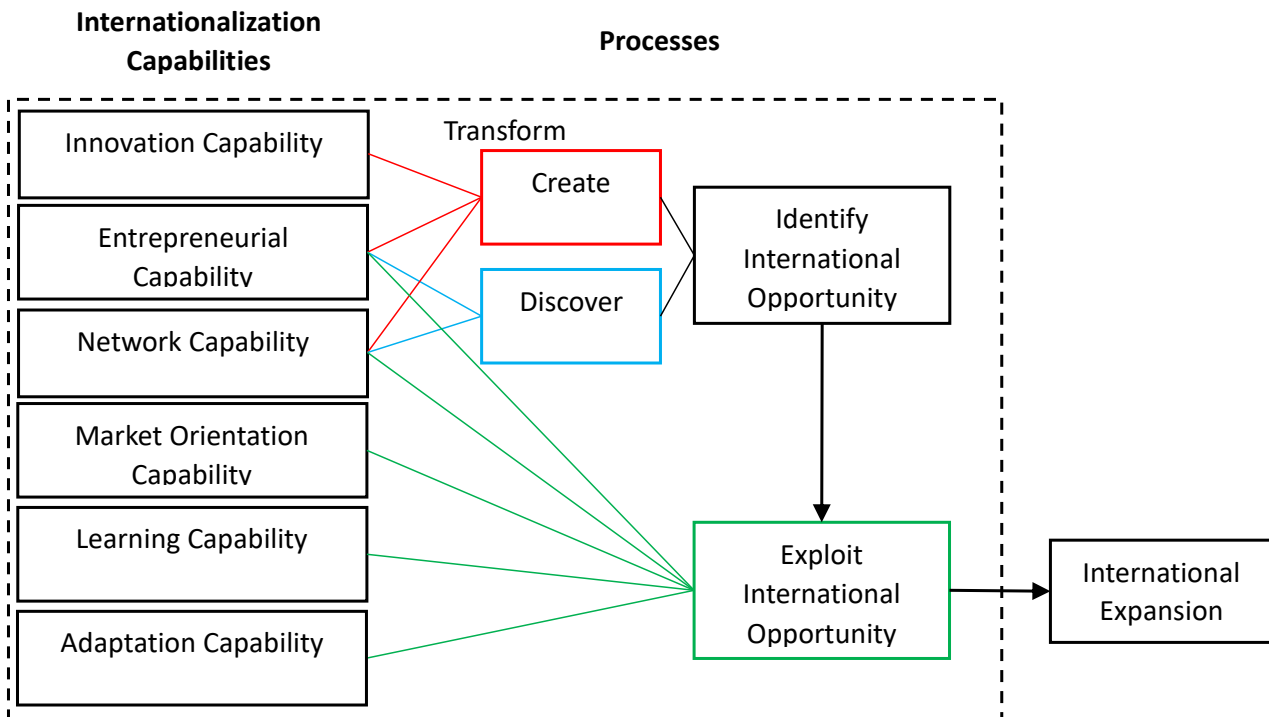


Figure 5. Representation of research findings.

tion. It underscores the necessity of developing a broader range of capabilities for successfully exploiting international opportunities. It provides a foundation for further exploration into the strategic management practices that can facilitate a company's effective navigation of international markets.

These findings contribute to the literature by demonstrating how each dynamic capability assists the different processes related to international opportunities—creation, discovery, and exploitation—and illustrating how the transformation process acts within these relationships (Al-Aali & Teece, 2014). This analysis was not limited to entry into international markets but involved all opportunities for expansion into foreign markets and various opportunities within the same market. This perspective provided a genuinely dynamic view of capabilities and their relationship with international opportunities, indicating how they are developed or transformed over time in response to the demands imposed by different external contexts.

For managerial and institutional practice, the study's contribution lies in reflecting on which capabilities companies need to develop to expand their international operations, considering the differences between the markets they operate in and the strategic alternatives available. These skills can underpin strategic decisions, including market selection. Furthermore, understanding the main challenges the analyzed company faces and the solutions obtained through developing specific skills can benefit both companies through indirect learning and development agencies by analyzing how this knowledge can be incorporated into incentive programs.

This knowledge aids in crafting more informed and adaptive strategies that respond to current market conditions and anticipate future changes, thereby enhancing firms' resilience and competitiveness on the international stage. This holistic approach encourages firms to continuously evaluate and adjust their strategic processes, ensuring their international engagements are successful and sustainable.

The primary limitation of this research lies in conducting interviews solely from the perspective of entrepreneurs and employees involved in the internationalization process, without including other actors

such as clients, partners, or representatives from local institutions. Nevertheless, it is understood that these individuals are the protagonists, holding the majority of the knowledge necessary for conducting the research, which analyzes the process through the lens of international opportunities inherently linked to the entrepreneurs' history (Chandra et al., 2012). Thus, interviewees were selected according to the criteria established in the methodological procedures (Merriam, 2009), ensuring that the research results were not compromised.

In conclusion, three behavioral patterns were identified in the internationalization process of the analyzed company, referred to as phases. However, it is recognized that various other forms of international engagement exist, such as mergers between companies from different countries and opening branches in multiple foreign markets. Therefore, it is suggested that future research analyze different behavior patterns to expand understanding.

This recommendation aims to encourage broader investigations that may provide insights into diverse strategies and challenges faced by companies in different sectors and cultural contexts. These investigations could enrich the understanding of international business dynamics and potentially reveal novel approaches to global expansion.

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