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Marketplace Platforms as Game Changers: Internationalization of Smaller Enterprises

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MARKETPLACE PLATFORMS AS GAME CHANGERS: INTERNATIONALIZATION OF SMALLER ENTERPRISES

Abstract

Despite resource constraints, smaller enterprises (SEs) are increasingly participating in international markets and becoming part of the global economy. E-commerce marketplace platforms are propelling this internationalization of SEs by alleviating SEs' resource constraints. However, there is a paucity of research in the nascent area of platform-based internationalization of SEs. Using an abductive inquiry, the study explores how platforms mitigate SEs' resource poverty, provide access to non-location-bound assets, and enable their internationalization. Accordingly, this study enunciates how platform-specific advantages (PSAs) allow for efficient markets through superior economizing of bounded rationality and reliability while assisting SEs with mitigating their liabilities associated with internationalization.

Keywords: e-commerce platforms; internationalization; Internalization theory; platform-specific advantages; platforms

1 Introduction

Digital platforms allow smaller firms to tap global markets at speed and scale unimaginable in the past (Deng et al., 2022; Lehdonvirta et al., 2019; Liu et al., 2022). Traditionally, small firms, constrained by resources and reputational assets, leveraged larger firms' networks to internationalize (Lehdonvirta et al., 2019). The piggybacking of smaller firms on multinational enterprises (MNEs) for internationalization limited their direct contact with international markets (Child et al., 2022). But unlike MNEs' supply chain or Keiretsu-specific contracting arrangements, global platforms are digital intermediaries providing seller firms a level playing field, credibility, governance, cross-border network externalities, and direct access to market information for tapping international markets (Chen et al., 2019; Chen et al., 2022b, e; Jean and Kim, 2020, 2021; Jean et al., 2021; Lehdonvirta et al., 2019; Liu et al., 2022; Nambisan et al., 2019). Platforms allow sellers to directly engage with diverse international customers and customers to engage with each other, thus creating positive externalities (Chen et al., 2022e; Liu et al., 2022; Strange et al., 2022). In contrast to brick-and-mortar counterparts, platforms provide a virtual field, unconstrained by space and time limitations, to achieve rapid internationalization and value creation (Deng et al., 2022; Li et al., 2019; Liu et al., 2022).

Thus, global platforms are emerging as dominant intermediaries for the internationalization of smaller and less experienced firms (Jean and Kim, 2020, 2021; Jean et al., 2021; Luo, 2021; Nambisan et al., 2019). Yet, the research investigating the interplay between such digital technologies and the internationalization of smaller firms is still in its infancy (Lee et al., 2022; Strange et al., 2022). The received wisdom has most prominently focused on understanding the platform characteristics, governance, and the internationalization of platforms themselves (e.g., Banalieva and Dhanaraj, 2019; Chen et al., 2022a, b, e; Brouthers et al., 2016; Chen et al., 2019; Li et al., 2019; Nambisan et al., 2019; Ojala et al., 2018; Stallkamp and Schotter. 2020; Zeng et al., 2019). Only a few recent studies have explored SMEs leveraging platforms to gain international experience, enhance internal and external communications, increase performance and international expansion (Caputo et al., 2022; Cenamor et al., 2019; Deng et al., 2022; Jean and Kim, 2020, 2021; Lee et al., 2022; Lehdonvirta et al., 2019).

However, there remains a paucity of research and guidance on how marketplace platforms assist the internationalization of smaller enterprises. Based on employee count, smaller enterprises include microenterprises (<10 employees) and small firms (10-49 employees) (European Commission. 2020; OECD, 2023). Unlike larger firms, their smaller counterparts face significant resource pressures; hence their internationalization efforts are impeded due to financial, technological, and knowledge constraints. (Sell et al., 2019; Strange et al., 2022). Therefore, can we safely extrapolate IB theories and perspectives to explain this emerging phenomenon of platform-based internationalization of smaller enterprises or SEs, or do we need new theoretical extensions? The answer may lie in broadening the range of IB theories rather than the merits of developing new theories. We address these tensions in the context of emerging market SEs utilizing marketplace platforms for internationalization. Such an inquiry has the potential to conceptually expand our understanding of various platform-specific advantages (PSAs) enabling SEs internationalization.

Hence, *our study aims to delineate and explain how different platform-specific advantages enable the platform-based internationalization of smaller enterprises (SEs)*. Guided by this objective, we provide novel contributions regarding what, how, and why aspects of theory development, including envisaging the boundary conditions (Whetten, 1989).

First, this study answers the 'what' aspect of theory development by identifying, classifying, and elucidating 'Platform-Specific Advantages' or PSAs of global marketplace platforms that assist in the internationalization of platform sellers. The global marketplace platforms (hereafter referred to as platforms) in this study refer "to e-commerce marketplaces where people buy and sell products; these platforms enable multiple third-party sellers to sell their products internationally (e.g., product marketplaces of Amazon, eBay, Etsy, Mercado Libre)." Notably, we identify and define the role of 7 PSA, including Technology, Marketing, Exporting, Network, Complementor, Governance, and Relationship-related PSAs. Although past studies have identified broad platform characteristics, functionalities, and services (e.g., Banalieva and Dhanaraj, 2019; Jean and Kim, 2020, 2021; Jean et al., 2021; Li et al., 2019). Nevertheless, the nature and the type of PSAs and their differential impacts on the

internationalization of SEs are yet to be investigated. We explicate the concept of "PSAs" in the next section and detail the 7 PSAs in the discussion section.

Second, this study answers the "how and why " aspect of theory development by explaining PSAs relationships that facilitate the internationalization of SEs. Past research has explored platforms' global reputation and network externalities as enablers of sellers' internationalization (Jean and Kim, 2021; Jean et al., 2021; Lehdonvirta et al., 2019; Liu et al., 2022). Our study specifically explores the direct effects of Technology, Marketing, Exporting, and Network PSAs on the platform-enabled internationalization of SEs. Furthermore, it examines the moderating effect of Complementor, Governance, and Relationship-related PSAs on the aforementioned relationship. For example, how and why PSAs allow for superior economizing of bounded rationality and reliability while assisting SEs in mitigating their liabilities of smallness, newness, outsidership, and foreignness.

Third, this study attends to boundary conditions by exploring the applicability of IB theories in the platform context. Notably, it proposes to expand the range of Internalization theory by exploring its ability to explain the growing phenomenon of platform-enabled internationalization of SEs from the emerging market context. The Internalization theory proposes that internationalizing firms need to develop non-location-bound firm-specific advantages (NLB FSAs), which can be easily deployed and leveraged across borders (Rugman, 1992; Rugman and Verbeke, 2003, Rugman et al., 2011). However, we take exception to this viewpoint by explaining how SEs internationalize without developing key sources of NLB FSAs. We provide a finespun understanding of how SEs use externalization logic (Chen et al., 2022d) to leverage the platform's NLB-FSAs rather than developing them internally. This also highlights the Internalization theory's dominant focus on internalizing imperfect markets and the undersupply of explanations anchored in learning and cooperation (Pitelis and Teece, 2018). Our study broadens the range of the Internalization theory by combining externalization logic with the theory's predominant focus on internalization logic (Li et al., 2019). Moreover, by studying SEs, we put the size at the center of analyzing the range of the Internalization theory, which has predominantly been applied to

larger firms. In the forthcoming sections, we foreground the unique research context SEs provide for this study.

Given the lack of research regarding the nature and performance of PSAs, we delineate and create rich descriptions of different PSAs to understand their role and relationships in facilitating the platform-based internationalization of SEs. Thus, we use an abductive research approach to systematically integrate theory and data (Dubois & Gadde, 2002). Multiple case studies (Eisenhardt & Graebner, 2007) allow us to delve deeper into the characteristics of PSAs and how they assist the internationalization of SEs.

2 The Basis for Platform-Enabled Internationalization

As outlined in the introduction, smaller firms are traditionally limited in their scope of internationalization. However, platforms are emerging as an important vehicle for the internationalization of small firms (Lehdonvirta et al., 2019; Nambisan et al., 2019). *But what are these platform assets that enable the internationalization of SEs*?

Given the rise of the platform economy, a growing body of wisdom now describes global platform characteristics, structure, and assets (Banalieva and Dhanaraj, 2019; Chen et al., 2022a, b, e; Li et al., 2019; Nambisan et al., 2019). Digital assets are the key building blocks of global platforms. These digital assets, at their core, exhibit modularity and malleability (Banalieva and Dhanaraj, 2019; Li et al., 2019). Digital characteristics of modularity and malleability enable efficient deployment and recombination across various digital technologies or complementary digital assets (Chen et al., 2022e; Li et al., 2019; Nambisan et al., 2019). Furthermore, the modularization of digital assets allows them to be centralized, protected, flexible, and open enough to fast bundle with their network partners' complementary assets (Banalieva and Dhanaraj, 2019; Chen et al., 2022e; Li et al., 2019). Banalieva and Dhanaraj (2019) contend that modularity associated with digitization further enhances the cross-border transferability of a firm's technology asset configurations. Indeed, platform modularity is integral to conceiving the generative potential of platform resources in enabling various business models. For example, the inherent modularity of Amazon's platform enables resource configurations that deliver

multiple business models, including product marketplaces, subscription service marketplaces (e.g., Prime video), and Amazon web services (AWS).

Yet, in this hierarchy of platform business models nested within platform resources, which in turn are nested in the platform's modular structure, we can envisage a variety of exclusive inquiries within these individual domains. We focus exclusively on the domain of product marketplace business models and associated resource configurations that enable the internationalization of platforms' third-party or independent sellers (sellers). This privileged focus on the product marketplaces does not discount the foundational linkages, supermodular complementarities, and positive externalities realized via platform resources and actors (Banalieva and Dhanaraj, 2019; Chen et al., 2022e; Li et al., 2019; Liu et al., 2022). We acknowledge the broader umbrella of digital platform ecosystem-specific advantages (ESAs) and platform services that apply to various platform business models (Jean and Kim, 2020, 2021; Jean et al., 2021; Li et al., 2019). And focus specifically on resource configurations that can be explicated based on their role in propelling the internationalization of marketplace platform sellers.

The platform resource configurations include' platform resources and their orchestration.' More importantly, platform-based resource configurations specifically enhancing the internationalization of marketplace platform sellers are referred to here as "Platform-Specific Advantages" or PSAs. Hence, we use *the concept of PSAs to denote platform resources and their orchestration for rendering advantages that facilitate the internationalization of platform sellers*. Marketplace platforms enabling the internationalization of their sellers denote the boundary condition associated with our proposed PSAs.

Furthermore, while PSAs depend on general platform characteristics, they are vital in enabling marketplace platform sellers to internationalize. Hence, by delineating PSAs, we are not focusing on the general context of positive externalities attributed broadly to platform ecosystem advantages or characteristics. Instead, we are circumscribing our focus on PSAs, which specifically address the role of platform resource configurations assisting the platform-based internationalization of SEs. For example, these PSAs assist in internationalizing SEs by providing them with global logistics, global brand recognition, international currency transactions, translation support, governance, etc. Later in the paper, as

part of abductive theorization, we delineate several PSAs and explicate their role in enabling the internationalization of SEs.

3 The Smaller Enterprise Context

Traditionally, SEs with few employees and resource constraints would have faced significant information asymmetries, reputational challenges, transaction costs, and liabilities of internationalization while tapping multiple country markets rapidly. But global platforms enable SEs to easily access their 'plug-and-play' capabilities, creating a more level playing field for smaller firms to compete internationally (Nambisan et al., 2019). An apt analogy is of one-person microproviders of client services that leverage platforms to tap global markets (Lehdonvirta et al., 2019). Veritably, SEs represent a vital research context in today's platform economy. Reports by world organizations have called for more research on how such small firms could leverage digital technologies (ILO, 2021). However, scant attention has been paid in the IB literature to the 'context' of resource-poor firms, including microenterprises and small firms.

Context is considered an essential means for testing the range or generalizability of theories (Whetten, 1989). In actuality, the theory's "accuracy does not exist in an absolute manner but depends on the empirical context" (Busse et al., 2017: 576). Hence, IB scholars (Child et al., 2022) have urged more attention to context as a contingency to understand factors such as firm size, structure, and other macro variables impacting SME internationalization. For example, SEs, international new venture, born global, and family SMEs are relevant contextual categories of SMEs (Buckley and Prashantham, 2016; Child et al., 2022; Gherhes et al., 2016); treating these as pragmatic levels of analysis has resulted in rich and diverse literature explaining their unique internationalization context, decisions, and processes. Likewise, the firm's size determines its resources, market power, legitimacy, networking, governance, and internationalization ability (Buckley and Prashantham, 2016; Child et al., 2022). Appropriately, firm size has implications for theories explaining internationalization. For example, firm size determines the extent

of internalization vs. externalization logic a firm adopts. Thus, firm size creates rich contextual boundaries (Busse et al., 2017) to assess the range of IB theories.

Past research has documented that a firm's small size imposes severe capital, time, and growth constraints (Kelliher and Reinl, 2009; Kevill et al., 2021; Sell et al., 2019; Tiwari and Korneliussen, 2018). A systematic review by Gherhes et al. (2016) comparing microenterprises to other SMEs found that these firms have underdeveloped market sensing, planning, networking, marketing, finance, HR, and technological capabilities. Moreover, compared to their larger counterparts, their customer base is much more limited, and their ability to scan and sense international market opportunities is also limited (Sell et al., 2019). Indeed, the smallest firms are more dependent on their immediate context than larger firms and face greater uncertainties (ILO, 2021). Unlike their larger counterparts in the SME domain, smaller enterprises' organization structure is generally centered around the owner-entrepreneur involved in day-to-day activities and strategic planning and analysis (Gherhes et al., 2016; Kelliher and Reinl, 2009; Sell et al., 2019). However, the small size and the owner-entrepreneur-centered decision-making also make the smallest firms more flexible to environmental contingencies than larger firms (ILO, 2021; Sell et al., 2019).

Hence, SEs' small size provides a salient context for studying internationalization under constraints of substantial market power deficits and resource constraints. In fact, firm size is an essential boundary condition for theories explaining internationalization (Child et al., 2022). Appropriately, we extend the application of Internalization theory from explaining the internationalization of large firms to the SEs. Therefore, heeding the call for more upfront contextualization regarding small firm internationalization (ibid), we use SEs as a practical level of analysis in the broader field of SME internationalization.

4 Explaining Platform-based Internalization from the lens of Internalization Theory

The firm's resources have been recognized as a source of competitive advantage by Penrose (1959), Hymer (1960) and later incorporated as a key component of Dunning's eclectic paradigm. Likewise, in its development, Internalization theory recognized these resource characteristics as idiosyncratic FSAs

bestowing comparative advantage (Narula et al., 2019; Rugman, 1992; Verbeke, 2013; Verbeke and Ciravegna, 2018). The traditional resource-based view's general focus has been on analyzing resources as internal to the company. However, unlike Penrosian internal constraints to a firm's growth, Internalization theory also accounts for dynamic environmental aspects (Verbeke and Kano, 2015). These dynamic environmental aspects are essential considerations in the platform economy. In the global platform context, resources are confined within clear firm boundaries and also reside in the larger platform ecosystem.

Furthermore, Internalization theory provides an understanding of the fungible nature of FSAs and their development and exploitation across various organizational modes (Chi, 2015; Narula et al., 2019). Internalization theory also propounds transactional FSAs (Narula et al., 2019) based on capabilities for effectively managing inter-firm relationships and external transactions, which are an essential element of the platform ecosystem. Appositely, with external resources being more readily available via external networks, MNEs are increasingly seeking market networks over hierarchies to internationalize (Chen et al., 2022; Luo, 2021). Likewise, with the rise of global e-commerce platforms, many SEs use external resources from platforms to achieve internationalization. For example, platforms, by reducing information asymmetry and providing governance mechanisms (Chen et al., 2022b; Li et al., 2019; Liu et al., 2022), create conditions wherein SEs could successfully outsource many of their international operations while focusing on their idiosyncratic FSAs. And here, yet again, Internalization theory could explain which operations of SEs could be outsourced to the platforms, which operations are best internalized, and how platform-based governance mechanisms could reduce SEs' transaction costs (Chen et al., 2022b).

Similarly, the new Internalization theory (NIT) (Hennart, 2009; Kano et al., 2021; Verbeke, 2013; Verbeke and Kano, 2015), with its emphasis on resource recombination, provides an even broader foundation for analyzing how platform actors seek to access and leverage the resource combinations of one another. For example, PSAs must be leveraged and recombined with SEs' idiosyncratic FSAs for SEs to internationalize successfully. These PSAs are not stand-alone characteristics of the platform; instead, they derive their value from the actors leveraging them. Thus, Internalization theory serves as a basis for

understanding these PSAs and how SEs could leverage them to internationalize. After all, Rugman and Verbeke (2003) emphasize that at a fundamental level, Internalization theory deals with the optimal organization of activities of the firm and its network partners. The fundamental tenet of the Internalization theory is 'efficiency' based on economizing production and governance costs (Benito et al., 2019). Moreover, as a general theory of MNE, it is broad enough to incorporate the key ideas of both resource-based view and transaction-cost economics (Strange and Humphrey, 2019).

Accordingly, we use the lens of Internalization theory to enhance our understanding of PSAs that enable the growth and internationalization of platform sellers. More specifically, we also anchor our elaboration of PSAs in the NIT (Hennart, 2009; Kano et al., 2021; Narula and Verbeke, 2015; Verbeke and Kano, 2015). The NIT and the 'Global factory' conceptualization of internalization (Buckley, 2011, 2014; Hennart, 2009; Kano et al., 2021; Narula and Verbeke, 2015; Strange and Humphrey, 2019; Strange et al., 2022; Verbeke and Kano, 2015) with their extended focus on FSAs, FSA recombination, network capabilities, and managing interdependencies are a stepping stone toward describing flagship-networked firms functioning as orchestrators of a multi-sided global network, harnessing cross-border interdependencies by organizing and coordinating activities of the whole platform-ecosystem. They, in fact, dynamically respond to tensions between markets and hierarchies by leveraging both markets and hierarchies to best capitalize on their FSAs and develop recombinant FSAs. For example, like the global factory (Buckley, 2011), the global platform internalizes core value-creating components. Other components of this platform ecosystem are quasi-internalized because the platform does not own them (Chen et al., 2022d); management of the quasi-internalized components depends upon highly coordinative routines to achieve allocative efficiency for global value creation. Thus, as suggested by the NIT (e.g., Kano et al., 2021), platforms rely on their FSAs, FSA recombinations, and governance mechanisms to create value and global growth for platform sellers and the overall platform ecosystem. In fact, platforms nicely capture the evolution of Internalization theory from explaining vertically integrated hierarchies to explaining more diffused organizational forms wherein the firm is a 'planning unit.'

Nevertheless, what resource configurations allow platform sellers' international growth and, thus, the overall platform itself?

A better understanding of PSAs is much needed in the literature to yield significant insights regarding capabilities necessary for firms to create a loosely coupled yet highly coordinated network form of 'planning units or firms' that play in the arena of knowledge internalization and quasi-internalization. Exploration and elaboration of PSAs in the context of global e-commerce marketplace platforms can build on the emerging research on ecosystem-specific advantages (Chen et al., 2022b; Li et al., 2019; Nambisan et al., 2019) and provide new insights into how these PSAs are leveraged in digitally enabled environments. Furthermore, a better understanding of PSAs should shed light on platform governance mechanisms and their characteristics (Chen et al., 2022b) that assist in superior economizing of bounded rationality and bounded reliability (Narula and Verbeke, 2015).

In conclusion, we contribute to the conceptual expansion and generalizability of the Internalization theory to the platform context in three ways. First, large firms, or MNEs, have been a traditional focus of the Internalization theory (Narula et al., 2019). However, scholars such as Verbeke et al. (2014) have emphasized that smaller firms can leverage entrepreneurial-related FSAs in their internationalization efforts. We plan to further build on this idea of extending the level of analysis of Internalization theory from MNEs to SEs that leverage PSAs for their internationalization. Second, our study also contributes to the growing attempt to enhance the generalizability of the Internalization theory to various digital environments (e.g., Banalieva & Dhanaraj, 2019; Li et al., 2019). Third, our study tempers the Internalization theory's predominant focus on internalizing imperfect markets by explaining how platform-based externalization logic (Chen et al., 2022d) is emerging as an important way for resource-constrained firms to access the needed FSAs for internationalization. The study also elaborates on PSAs that enable SEs to mitigate transaction costs without internalizing markets. Our exploration of PSAs will bring sharper focus to these knowledge-intensive internal and external assets that platforms provide to enhance SEs' internationalization.

The anteceding discussion only provides the foundational provisions for our further theory development efforts. Indeed, the abductive research approach used in this study reverts back and forth between data and theory to continue the process of theoretical development (Dubois & Gadde, 2002). Appropriately, our data analysis and discussion of the findings become the field for testing the applicability and the range of the Internalization theory in the context of platform-based internationalization of SEs.

5 Methodology

To study the platform-based internationalization of SEs, we adopted an abductive approach for a deeper understanding of the research phenomenon, especially when triangulation occurs between data and theory (Dubois and Gadde, 2002). Accordingly, our analysis was simultaneously traversed by ideas from Internalization theory and NIT and the empirical data from cases. This constant dipping between theory and case data allowed for identifying new concepts (PSAs) and linkages regarding the platform-based internationalization of SEs. Case studies could serve as rich descriptors of the phenomenon and are especially useful in our study, where research questions address a distinct gap (Eisenhardt and Graebner, 2007) regarding the PSAs needed for SEs' platform-based internationalization.

5.1 Research context

Our research context specifically focuses on Indian SEs. Emerging market focus allows us to accentuate SEs' resource-constrained characteristics, allowing for a more poignant context to explore the study objectives. Furthermore, SEs are a salient growth engine contributing significantly to Indian exports (CII, 2020). Thereupon, we included SEs leveraging the Amazon platform for their internationalization. We analyzed various B2C platforms such as Amazon, eBay, Etsy, and Mercado Libre and found that Amazon exemplified many platform characteristics and functionalities seen on these platforms. Amazon was also the most widely used platform for our sample of internationalizing Indian SEs. For example, in India, Amazon is one of the leading platforms boasting 1 million sellers, of which more than 90 percent are SMEs (The Economic Times, 2021).

5.2 Sample

We used theoretical sampling, which allowed us to progressively select multiple case studies relevant to the phenomenon under investigation (Corley, 2015; Eisenhardt, 1989; Eisenhardt and Graebner, 2007). This allowed us to account for complexities of context, i.e., typical PSAs exploited by SEs during internationalization. The data collection modes included interviews and archival research. The sample selection included nine Indian SEs that have leveraged Amazon to enable their internationalization. Past research has highlighted the need for highly knowledgeable and diverse informants for case studies (Eisenhardt and Graebner, 2007). Hence, our informants included people with direct and diverse experience in platform-based internationalization, such as enterprise owners, top managers, or partners.

Enterprises are categorized based on size, and employee count is a commonly used criterion for classification. Hence, we adhered to various world organizations' widely accepted classification of SEs. According to both OECD and the European Commission, SEs can be divided into microenterprises (<10 employees) and small enterprises (10-49 employees) (European Commission. 2020; OECD, 2023). The case selection parameters included Indian SEs (micro and small enterprises) in the B2C sector, selling internationally in one or more countries. As Eisenhardt (1989) emphasized, we were mindful of having a high degree of heterogeneity to guide our theory development efforts. Thus, we included cases on a spectrum based on the number of employees, export destinations, and turnover metrics. The sample description is included in Table 1. In addition, the research followed human research protocols to ensure the confidentiality and anonymity of case informants.

<Insert-Table-1 here>

Preliminary explorations included secondary research analyzing 18 publicly available video cases/stories from YouTube and Amazon international websites. These included Amazon sellers from Germany, India, Malaysia, Mexico, Thailand, Singapore, Vietnam, the United Kingdom, and the United States, explaining their internationalization journey via Amazon's platform. Analyzing these cases helped us to seek a more generalized understanding of platform-based internationalization from sellers worldwide. It also helped us in our future case selection and framing questions regarding issues needing

further investigation. We also used secondary data sources, such as E-commerce platform websites, news stories, Amazon export digests, Amazon seller forums, and informal forums of Amazon sellers on Facebook. These sources and underlying theoretical underpinnings served multiple purposes, including identifying issues instrumental to platform-based internationalization, triangulating case-interview responses, and spotting issues for further investigation. Appropriately, this process set the foundation for more in-depth investigation via case studies.

5.3 Data Collection

Primary data for the study was collected using semi-structured interviews with the owners, top managers, or partners of SEs. Semi-structured interviews allowed us to explore the dynamics of the relationship between platforms and third-party sellers, i.e., different PSAs used by SEs during the course of internationalization. We developed an a priori interview guide to facilitate questioning our respondents. The interview guide allowed us to yield cohesion, comparability, and continuity in narratives generated from each case (Harris, 2000). All interviews were recorded and transcribed.

The interview process started with standard questions to ascertain the firm's age and turnover, when it started exporting, which Amazon marketplaces it sells through, etc. Henceforth, the questioning style incorporated broad exploratory questions. For example, can you describe how exporting via Amazon has enhanced your sales/margins/growth; can you describe how has selling through Amazon helped you reach customers worldwide; can you describe which Amazon service or capability you would say has been the most instrumental for your global success; can you describe that if you had not used Amazon how long it would have taken you to sell globally? This discovery phase, along with the theoretical insights and secondary data, generated room for extended explorative, affective, and analytical probing questions on specific issues deemed salient for theory development. The questioning protocol followed an abductive approach (Dubois & Gadde, 2002) based on the iterative comparison of applicable theories and concepts explored during the interviews. Accordingly, we did follow-up interviews with the participants to confirm and elaborate on new or existing ideas and concepts. The first round of interviews lasted about an hour, and the follow-up interviews lasted about thirty minutes.

5.4 Coding

We first started with open coding, following past research guidance on coding and theme identification (Gioia et al., 2013; Gligor et al., 2016; Nag et al., 2007). Two researchers independently coded interviews as they were being recorded and transcribed. Codes were extracted by the iterative process of reading and rereading interview transcripts, notes, and comments. The codes were compared to identify similarities and differences among case respondents. This within-case and cross-case comparison (Eisenhardt, 1989; Gioia et al., 2013) allowed us to gauge the emerging confluence of ideas, possible links, and potential avenues for further explorations. The open coding process yielded several hundred informant-centric codes, initially bundled into first-order categories based on similarities. During the axial coding process, codes and categories were further compared within and across the cases to identify emergent theoretical linkages (Nag et al., 2007), explaining various facets of PSAs enabling platform-based internationalization. Accordingly, at this stage, the authors utilized case data, secondary data, and theoretical insights to suggest theoretical labels to organize and combine first-order categories into more abstract second-order themes (Gioia et al., 2013). The coding iterations continued until no new PSA insights regarding properties or possible theoretical linkages were extracted. This stage corresponds to theoretical saturation leading to the culmination of data collection (Gioia et al., 2013; Gligor et al., 2016). We reached this stage at Case-8 and included one more case for further diligence.

In summary, the codes were grouped under 47 mutually exclusive first-order categories, which were bundled under 18 second-order themes. These second-order themes were aggregated under overarching dimensions representing seven distinct PSAs and the dimension of platform-enabled internationalization. The assembly of these first-order categories, second-order themes, and aggregate dimensions is captured in our data structure (Table 2).

<Insert Table-2 here>

5.5 Ensuring trustworthiness

Lincoln and Guba (1985) propose that trustworthiness or qualitative rigor be assessed on credibility, transferability, dependability, and conformability dimensions. Appropriately we anchored our qualitative

inquiry on these dimensions. To enhance credibility, we incorporated verification strategies such as prolonged engagement, member checks, triangulation of data methods, seeking different perspectives, and reflective commentary (Krefting, 1991; Singh et al., 2021). For example, prolonged engagement allowed us to familiarize ourselves with the informants and the context (Singh et al., 2021). Member checks via follow-up interviews helped clarify and confirm the investigated ideas and themes. Data collected from secondary sources and interviews allowed for progressive insights and verification. Simultaneous coding of the interviews enabled us to capture our emergent thinking regarding codes and themes.

To assess the transferability dimension of trustworthiness, we implemented theoretical sampling, used multiple cases to achieve triangulation, and created thick descriptions and notes, the essence of which is captured in direct quotes from the participants (Lincoln and Guba, 1985; Singh et al., 2021). Besides, we corroborated our case findings with insights from secondary sources such as video stories and case studies of Amazon sellers worldwide.

We kept an audit trail to achieve dependability or consistency in our data collection and analysis efforts. We detailed our coding procedure and data structure to enhance transparency (Gioia et al., 2013). Beyond this, two independent coders coded and compared the data findings.

Finally, regarding conformability, we used reflexive analysis, mindful of our biases and limitations (Krefting, 1991). We also had an independent subject expert, not involved in the coding, go through the codes and categories and sensitize us to our potential biases.

6 Discussing platform-based internationalization: Emerging themes

The codes, categories, and themes that emerged during the data coding phase uncovered seven key PSAs enabling SEs internationalization. These included Technology, Marketing, Exporting, Network, Complementor, Governance, and Relationship related PSAs. Broadly, these seven PSAs can fall under the categorization of four overarching FSAs identified in the literature around Internalization theory. 1) The Asset type FSAs (FSA_A) are akin to the ownership-based advantages or knowledge bundles (Dunning, 2000, Lee et al., 2021; Narula, 2017; Rugman and Verbeke, 2003) and accordingly include PSAs related

to Technology, Exporting, and Marketing. 2) Network-type FSAs (FSA_N), which allow for effectively and efficiently leveraging network characteristics (Banalieva and Dhanaraj, 2019; Singh and Kundu, 2002; Chen et al., 2019) and accordingly include Network PSAs. 3) Network-Partner type FSAs (FSA_P) are external partner FSAs (Narula and Verbeke, 2015), which, in the platform context, include platforms leveraging complementors' resources and capabilities. 4) Transaction-type FSAs (FSA_T), which are akin to Internalization or transaction-based advantages regarding efficiently coordinating and governing firms' activities to economize transaction costs (Dunning, 2000, Lee et al., 2021; Rugman and Verbeke, 2003; Narula, 2017) and accordingly included PSAs related to Governance and Relationship.

Besides applying Internalization theory to delineate and categorize the seven PSAs, our analysis further enriches and expands the range of Internalization theory. For example, internationalizing SEs provide a unique and unexplored context to test the key assumptions of the Internalization theory. Appositely, our findings reveal that Internationalizing SEs lack non-location-bound FSAs (NLB FSAs), "*except in their final products*[1]*."* Contrarily, the Internalization theory has traditionally held such NLB FSAs as critical drivers of internationalization (Rugman, 1992). *So how do* SEs *internationalize without developing NLB FSAs needed for internationalization?*

Our case insights indicate that SEs relied on Amazon's PSAs, allowing them access to NLB assets to enhance their growth, performance, and internationalization. The secondary data also confirmed the crucial role that PSAs play in enabling the internationalization of smaller firms. In the following paragraphs, we provide unique insights regarding how SEs could surmount their deficit in NLB FSAs by accessing the platform's NLB assets. Furthermore, the following discussion will expound on how PSAs enable SEs to overcome the challenges posed by bounded rationality and reliability. Figure 1 illustrates how different PSAs enable and support platform-enabled internationalization of SEs.

<Insert Figure-1 here>

[1] According to Rugman et al. (2011), final products or knowledge embodied in final products can be a source of NLB FSAs if they can be transferred across borders via exports or other means. In the study context, SEs can use platforms to export their final products.

6.1 Asset type FSA_A: Technology-, exporting-, and marketing-related PSAs

6.1.1 Technology-related PSAs. FSAs related to technology play an essential role in firms' growth and internationalization (Banalieva and Dhanaraj, 2019; Narula, 2017). Furthermore, in the digital context, technology FSAs allow firms to leverage digital affordances for creating, delivering, and capturing value (Autio et al., 2018). Digital affordances can enable new ventures to reinvent value creation and disrupt the status quo (Autio et al., 2018). From a platform perspective, we define Technology-related PSAs *as the platform's resource configurations enhancing the accessibility of its technology assets so that* SEs *can easily and efficiently use them for internationalization*. Although past research has elaborated on the role of technology in facilitating digitally enabled internationalization (Chen et al., 2019; Liu et al., 2022). The rich insights from our empirical data emphasize how Amazon's platform enhanced SEs' ease of use of platform functionalities and their usefulness in enabling their growth. Several participants expressed their acclaim for the navigational ease and the ease of using platform features.

Case-4 "*Basically, you can put anything you want to sell on Amazon. It is very easy*."

Case-3: articulating the intuitive user interface (UI): "*their UI is very, very, very friendly, searching out anything*."

Moreover, respondents discussed how Amazon's platform improves their operational efficiency when selling internationally.

Case-5 *"if you have already listed your product...then you can directly list that product onto any platform (international marketplaces) where Amazon is*."

The case data and corroborating evidence from secondary sources confirmed how technology-related PSAs allow for efficiently leveraging platform features such as managing invoices, taxes, inventory, search engine optimization, currency conversions, listings, customers, etc. Independently accessing or investing in such services à la carte would be resource-intensive for these small sellers.

Thus, Technology-related PSAs provide SEs with NLB assets such as platform interfaces, functionalities, tools, and features. These PSAs enhance the ease of using platform interface, navigational ease, ease of using platform functionalities, operational efficiency, prompt service, and valuable tools and features. Thus, together these aspects enhance internationalizing SEs perceived ease of use and usefulness of platforms' technology assets.

6.1.2. Exporting-related PSAs. Smaller firms face several export barriers, such as a lack of export marketing knowledge, capital, access to distribution channels, time, and regulatory knowledge (Kahiya, 2013; Leonidou, 2004). These barriers arise due to resource, managerial, and knowledge constraints (Kahiya, 2013; Paul et al., 2017). Export-related PSAs assist SEs in overcoming many of these export barriers. Thus, instead of investing time, money, and resources in developing exporting resources and market knowledge, SEs can utilize turnkey platform solutions for speedier internationalization. Accordingly, we define Export-related PSAs *as the platform resource configurations allowing access to exporting resources that enhance export efficiency and assist in surmounting export barriers*.

To illustrate, the fulfillment by Amazon (FBA) appeared to be a vital export catalyst for our respondents. FBA provides end-to-end global logistics support to its subscribers. Many of the case respondents underscored the value of FBA.

Case-7: "*because of that* (FBA) *a lot of our…pressure, headache decreases because there are so many customers…. nationally, regionally, internationally, it becomes a task for us when we have to deliver the products on our own….*"

Case-8: "*much smaller businessmen like me, can avail this service very easily. They can list their products on their website, and they have this fantastic setup…, everywhere in most places…they have warehouses."*

These exporting PSAs also assist with exporting know-how and managing taxation and regulatory requirements.

Case-1: "*Amazon has a perfect role; without Amazon, I don't even know the procedure to export."*

Case-6: "*So there are some rules and regulations that need to be followed … And if I am, like stuck with some protocol or something, so there is an assistance at Amazon, so they help you, they guide you what to do what not to do*?"

Another fascinating insight gained was Amazon's role in providing international customer support for its FBA sellers. It is challenging for resource-constrained SEs to invest in 24/7 local language support across time zones.

Case-2: "*….it is very important, because internationally…timings are very much different…24-hour service on Amazon is very good thing"*

These exporting-related PSAs enabled SEs to leverage Amazon's solutions related to currency conversions and translations. Moreover, these PSAs helped sellers to localize their offerings based on locale-specific requirements.

Case-3: "*these guys know the audience over there, so they know where to highlight your brand. You know…like they know what's the climatic condition …where these products can be used up really well*…."

To summarize, respondents underscored the FBA service's ease of use, efficiency, and crucial role in enabling exports. The importance of FBA in internationalization was also evident from cases and stories accessed via secondary sources. Past research has emphasized how platforms could assist firms in overcoming cultural and geographic distance (Jean and Kim, 2021). And our findings specifically show how these PSAs allowed internationalizing SEs access to NLB assets in global logistics and export-related services, which allowed them to surmount export barriers associated with taxation, documentation, regulations, translations, local customer support, and currency conversions.

6.1.3. Marketing-related PSAs. Research has shown that new and smaller firms can gain legitimacy by partnering with reputed and established firms and platforms (Jean and Kim, 2021; Stuart, 2000). Thus, reputable platforms such as eBay, Amazon, and Etsy lend legitimacy to smaller firms by providing a globally known platform where worldwide customers can shop under the banner of a global brand. Accordingly, we define these PSAs as *the platform resource configurations lending legitimacy and marketing resources to internationalizing firms*.

The cases showcased how the Amazon brand provides a global canopy of recognition for these SEs.

Case-2: "Amazon is giving me that brand, and Amazon is really helping me with the sales."

Case-4: "*It gives me a brand…it establishes me to people out there…".*

The respondents believed that international customers bought products from an unknown entity like them because of the Amazon brand's trust.

Case-1: "*today, I can sell my product in a trustworthy way through Amazon, and thus people buy products blindfolded because it is from Amazon."*

These sentiments have further reflected a sense of affiliation and loyalty toward Amazon.

Case-5: "*Amazon name is …more than enough…so when I print my product, I say that I proudly sell it on Amazon.*"

Beyond lending legitimacy, these PSAs provide the benefits associated with online customer reviews. Based on our analysis, customer reviews serve as a proxy for customers to virtually gain a sense of touch and feel for the product and gauge product and seller quality. Appropriately, they allow SEs to build product reputation, attract more customers, and enhance growth. These reviews, which rely on network effects, are difficult to replicate, especially for smaller firms. Hence, they serve as another unique resource that is accessible via platforms.

Case-3: "*They are very useful because you know you're trying to get fragrances, you want to touch and feel….*"

Case-6: "*…so they put you on five-star ratings…. So, this is the way like the customer gets attracted….*"

Relatedly, case insights also enunciated how these reviews and feedback can assist sellers in gaining unique international customer insights and using them to improve their offerings.

Case-8: "*So it's always good to have these kinds of reviews even if it's negative, you take it in your stride, if it's possible to improve* the product… *With their suggestions….*"

These PSAs allowed SEs access to NLB assets, such as reputation and marketing resources necessary for internationalization. More specifically, these PSAs provided SEs almost instant legitimacy in international markets along with the functionalities (e.g., customer reviews, ads, marketing events) that

further emboldened their reputation and reach. These findings resonate with past research highlighting the legitimacy effects of global platforms on firms leveraging them (Lehdonvirta et al., 2019; Jean and Kim, 2021; Jean et al., 2021).

Thus, these three Asset-type PSAs enable SEs ' platform-based internationalization by allowing them to access NLB assets associated with technology, exporting, and marketing that mitigate their liability of smallness, newness, and foreignness. Accordingly, we propose:

Proposition-1: Technology-related PSAs provide SEs access to NLB assets, such as platform interfaces and functionalities for enhancing their internationalization.

Proposition-2: Export-related PSAs enable SEs to access NLB assets in exporting that mitigate logistics, procedural, and regulatory barriers and enhance their internationalization.

Proposition-3: Marketing-related PSAs provide SEs access to NLB assets related to legitimacy and marketing services that enhance their global customer outreach and internationalization.

6.2 Network type FSA_N: Network-related PSAs.

Network externalities associated with platforms are a vital source of competitive advantage (Banalieva and Dhanaraj, 2019; Chen et al., 2019; Li et al., 2019; Stallkamp and Schotter, 2021). Banalieva and Dhanaraj (2019) have even suggested that network externalities-based advantages (FSA_N) should be given a status on the side of traditional asset-based (FSA_A) and transaction-based (FSA_T) advantages. Singh and Kundu (2002) conceptualized network advantages based on leveraging network externalities and accessing network resources. Correspondingly, we spotlight that network externalities are a vital characteristic of network advantages. Nevertheless, for network advantages to be recognized as distinct FSAs, the focus should not be just on their characteristics (e.g., network externalities) but also on how they are leveraged to create a broad and deep economic moat. Thus, we define these PSAs *as the platform resource configurations allowing internationalizing firms access to both network resources and network externalities*.

From the cases, it was apparent how SEs have leveraged Amazon's network externalities to enhance connectivity and global reach. Hence, respondents raved about how Amazon's platform enabled them to reach customers worldwide and improve their business performance.

Case-2: "Amazon I get lots of business because there are lots of customers

Case-9: "we reach across the globe, which could have not been possible because there are hundreds of Countries wherein they (Amazon*) can help you with the reach…."*

Another intriguing aspect of the platform network effects was the connections that sellers made with other sellers to exchange ideas, seek clarifications, and learn about current trends and even platform functionalities. These connections were made possible via Amazon's seller forums, Amazon sellers' Facebook groups, and other sites. Our secondary research uncovered several such forums and groups discussing a variety of topics. Hence, this collaboration and exchange of ideas among platform sellers denote how platform actors' cooperation enhances sellers' FSAs and shapes platform-based internationalization.

Case-4: "…person who…sent a message through Amazon… Can you…(do) collaboration with me?... I'm going to…maybe established some business ….like Direct Export…."

Case-5: "*we have a Facebook group also for Amazon. So if you have any issue in terms of listing also, I can write down my questions and get it answered from many Amazon sellers in India itself.*"

Network-related PSAs also mitigate SEs' resource constraints by allowing access to various network resources and co-specialized assets associated with platform services, functionalities, and actors. For example, respondents enunciated that without the resources from Amazon, they would not have been able to find international customers and local distributors or would have had the marketing or technological prowess to sell internationally. Additionally, the platform was a means to gain international knowledge and experience to facilitate SEs' internationalization. The case data revealed how the Amazon platform enables sellers to research market opportunities, progressively build international experience, and seek ideas and collaborations for international expansion.

Case-5: *"I have gradually grew-up…from Amazon India to Amazon Europe, then Amazon UK on a certain product and then Amazon US*".

Case-6: "So it gives me the chance and opportunity like to get exploring the world market."

Thus, NLB assets such as network externalities, network resources, and learning opportunities afforded by these PSAs mitigate SEs' liability of outsidership and enhance internationalization. Hence, we propose:

Proposition-4: Network-related PSAs allow SEs to access NLB assets such as network resources and network externalities and enhance their internationalization.

6.3 Network-Partner type FSA$_P$: Complementor-related PSAs

Platform owners not only have the power to allocate resources to the complementors but also determine their scope of competitive dynamics (Rietveld and Schilling, 2021). For example, platforms may avoid directly competing with their complementors or decide otherwise (Rietveld and Schilling, 2021; Zhu and Liu, 2018). Such industry dynamics are further complicated by dominant platforms leveraging vast amounts of market data to compete with their complementors (Singh et al., 2023). Notwithstanding, negative externalities are also associated with the platform's competitive actions against complementors. For example, complementors' multihoming or exiting the platforms may adversely impact network externalities and associated value creation (Chen et al., 2022b). These aforementioned considerations determine the platform's lucrativeness to its complementors (Chen et al., 2022b). Although these industry dynamics between platforms and their complementors are important research considerations and have enticed past research (e.g., Zhu and Liu, 2018), our study foregrounds cooperative dynamics between platform owners and platform service providers that enable the internationalization of SEs.

In the platform context, complementors have been recognized as contributors to the co-specialized and complementary assets and positive externalities (Chen et al., 2022b; Li et al., 2019). Different synergies between platform sellers' idiosyncratic FSAs and PSAs are realized with the help of ancillary services provided by the complementor. For example, Amazon's complementors, or Amazon service providers, assist SEs to leverage its platform more effectively for their internationalization by providing them

assistance in areas like FBA preparation, cataloging, imaging, advertising optimization, and international returns. This echoes what Narula and Verbeke (2015) noted: that a flagship MNE might not internalize certain imitable FSAs due to high management costs and thus allow its network partner to offer such FSAs to the flagship-based network. Appropriately, we define Complementor-related PSAs *as including imitable assets in the form of ancillary services that complement platform owners' PSAs and assist* SEs *in internationalization*.

The case studies allowed us to go deeper and explore what actual value-add these third-party firms provide in addition to the benefits provided by other PSAs. An intriguing aspect of these complementor-related PSAs is that they play a crucial role during the initial phase of SEs ' internationalization efforts. Respondents indicated that they do not have the broad expertise or experience to effectively use Amazon's PSAs during their initial listing setup and international forays. Service providers assist them with getting started with the platform, understanding the procedures, setting up their listings, and leveraging platform services. The following quotes accentuate these insights.

Case-8: "*to get started on getting on this platform? Yes, I had hired a person, wherein, you know, I get to know the process, how to list my items…on Amazon."*

Case-6: "At *the initial stage, …So in the initial because, like, I was new to it, so I don't know how to do these, so I needed a professional.*"

From the cases, it was apparent that SEs lacked the technical resources and employees to manage specialized operations such as optimizing advertising, creating rich content, overseeing export procedures, and overseeing other technicalities regarding imaging and cataloging. However, to grow internationally, SEs needed specialized knowledge and resources to leverage Amazon's PSAs. Rightly, this gap was filled by Amazon's complementor PSAs, which allowed SEs to access the technical and operational expertise of third-party service providers.

Case-1: "*The …third party services for surely we want to take their services to expand our business*."

Case-3: "*they do the entire stuff through them…. You don't have to have a major team looking out for your business.*"

Thus, these PSAs enable SEs to complement their FSAs with expertise and services, which would be difficult for such resource-constrained firms to internalize. Moreover, these PSAs allow internationalizing SEs to effectively leverage platform resources and capabilities. Hence, we propose:

Proposition-5: Complementor-related PSAs serve as a catalyst to effectively synergize SEs ' FSAs with PSAs to facilitate platform-based internationalization.

6.4 Transaction type FSA_T: Governance and relationship-related PSAs

Institutions play an essential role in governing the conduct of economic actors. However, platforms are also emerging as important institutional forms governing the conduct and energizing the synergies among platform participants (Chen et al., 2022d, e; Lehdonvirta et al., 2019). Research shows that even in weak institutional environments, platforms can engage in value creation using their internal governance mechanisms (Chen et al., 2022d). For instance, platform governance allows for mitigating institutional deficiencies, externalizing productive activities, and enhancing value creation for members of the platform ecosystem (Chen et al., 2022b, d, e). Hence, while recognizing the role of the external institutional environment, we specifically focus on platforms as institutions. Indeed, platforms as institutions create efficient markets for their sellers by reducing information asymmetry, lowering transaction costs, and mitigating other market frictions (Lehdonvirta et al., 2019). The ownership of critical platform assets endows the platform owner with the power to guide and control the conduct of parties that are utilizing platforms for value creation (Chen et al., 2022e). Hence, given the prelimits of our data and the platform-centric context of our study, we elaborate on the role of governance and relationship-related PSAs in providing mechanisms for reducing marketing frictions and facilitating SEs' internationalization.

6.4.1. Governance-related PSAs. Kano (2018) emphasizes the role of economizing bounded rationality and bounded reliability for effective global value-chain governance. Likewise, these principles also apply to platform-based governance (Chen et al., 2022b; Li et al., 2019) as platforms seek to reduce information asymmetries among platform actors and mitigate opportunism and prospects of actors defaulting on their commitments or, as Rugman and Verbeke (2005) suggest, not making good on open-ended promises.

Hence, governance-related PSAs enable platform-based mechanisms to provide superior economizing of bounded rationality and reliability in the platform ecosystem.

Platform characteristics (e.g., modularity, infrastructure, coordinative routines, incentives, and control mechanisms) can enhance coordination, information sharing, transparency and mitigate bounded rationality and reliability (Li et al., 2019; Nambisan et al., 2019). More specifically, platforms mitigate bounded rationality by reducing information asymmetry associated with pricing, product offerings, customer expectations (reviews), international administrative and entry requirements, complementors, etc. Furthermore, platforms can provide a sense of fairness and transparency by clarifying processes and procedures, relational norms and explicating the rules of the game (Li et al., 2019). Our case studies highlight how Amazon creates a sense of shared rules and guidance by providing process clarity and fair terms and conditions of conduct.

Case-3: *"with Amazon, the relationship, the services, everything is in the process, it's in a very systematic wa*y..."

Case-7: "*they provide all the information regarding like whatever a seller would require they have it."*

Case-5: "it's more transparent. It's more on a professional base compared to Indian counterparts."

Economizing bounded reliability entails mitigating opportunism, benevolent preference reversal, and identity-based discordance (Kano and Verbeke, 2015). Platforms can economize such aspects of bounded reliability by having procedures for reducing seller conflicts, incorporating trust-enhancing and assurance-building mechanisms (Autio et al., 2018), screening counterfeit products and inaccurate customer reviews, and overseeing other issues that can cause incongruent expectations. The case data revealed how Amazon leverages its governance-related PSAs to build assurance and provide a safe environment for business conduct, thus enhancing the trust of its sellers. The quotes below showcase ways that Amazon enhances assurance among sellers.

Case-4: "*Amazon has an assurance of the product when you send it to an FBA cent*er."

Case-6: "*Amazon gives you the opportunity to like see these are the products, these are the verified sellers."*

Case-7: "T*hey do have the options for that you can consider…like a trademark."*

Likewise, Amazon enhances the safety of business conduct by providing mechanisms for sellers to file their complaints, resolve sellers' concerns, and catch violations of its policies. Accordingly, many of our respondents acknowledged these aspects and shared their sense of security when conducting business via Amazon.

Case-1: "*if I have some problem…Amazon instantly, try to resolve your problem.*"

Case-9: "*if there's anything specific, like some damage… we generally get the images from amazon customer service and try to sort it and close it…So they act as a mediator*."

Thus, these safeguards against opportunism, sharing of information, and transparency lead to higher trust levels, as seen from the quotes below.

Case-2: "Yeah, they completely protect, they completely protect. Yeah, I really trust on them."

Case-9: "*I blindly trust Amazon because they trust me…these people have been there for us*…".

Hence, governance-related PSAs allow platforms to reduce bounded rationality and reliability by providing shared community rules and guidance, leveraging assurance and trust-building capabilities, and enhancing the safety of business conduct. By mitigating bounded rationality and reliability, platforms allow SEs to leverage PSAs for internationalization without too much concern for developing their Transaction type FSA_T for internalizing markets. Therefore, we propose.

Proposition-6: Governance-related PSAs lead to superior economizing of bounded rationality and reliability and provide SEs with a more efficient market mechanism to access and leverage PSAs for internationalization.

6.4.2. Relationship-related PSAs. Narula et al. (2019) observed that in addition to organizational capabilities for Internalization, MNEs also need transactional FSAs related to relational or partnering capabilities to manage relationships among interdependent network partners. Likewise, in the global value chain context, Kano (2018) highlights the orchestrating firm's role in effectively managing relationships among network partners. Relational capabilities have been shown to enhance cooperation, channel bonding, and learning among partners (Pham et al., 2017). In the platform context, relational capabilities

are used by platform operators to effectively manage loosely coupled interdependent relationships among platform actors (Li et al., 2019). Hence, *Relationship-related PSAs promote relational governance by providing mechanisms for enhancing relationship cooperation, commitment, and satisfaction*. For platform operators, relational capability enables open communication with sellers. Furthermore, past studies have shown that such open communication leads to frequent exchange of information, channel bonding, and trust; thus, facilitating mutual cooperation (Lages et al., 2008; Pham et al., 2017). Our case insights show how Amazon's PSAs enable open communication with SEs.

Case-8: "there is always options, you know, to call them on the seller app, to contact the call center, ... you can always contact 24/7...."

Case-9: "*I believe it's like a mirror. It's open-door policy for both of us…"*

Besides, these PSAs also enable platforms to leverage their onboarding capabilities for transitioning SEs to the platforms. Platforms' onboarding and education help develop stable or committed relationships with sellers. Platforms like Amazon, Etsy, and others leverage onboarding tools such as workshops, onboarding teams, and advisory services (e.g., Amazon Business Advisory) to build relationship commitment. Their commitment is further evident in their use of representatives who work one-on-one with sellers to understand their internationalization needs and educate them on platform resources that meet those needs. For example:

Case-1: "*Yes, one session, we did an online training session with them...after that, we did some seminars from them and then started our business.*"

Case-8: "Yes, I had received not one but maybe more than one calls…when I was trying to do the listing, there was a lot of help coming from Amazon."

Furthermore, our cases provide a unique glimpse into the levels of relationship satisfaction that had developed, given the cooperation and frequent positive interactions with the Amazon team. The friendliness of the Amazon team and the resulting satisfaction were palpable from respondent quotes.

Case-3: " *there's a personal touch to that relationship, and everything has been really very, very well maintained from their side*."

Case-5: "*So I love Amazon… I don't want to leave Amazon because …they do cater you a lot."*

Case-9: "Trust me, they are friendly, and they are eager at the same time, they want to help the client…."

Therefore, effective management of interdependencies and the development of stable relationships in such electronic environments can be achieved with the help of regular outreach, ease of communication, information sharing, and education (Lages et al., 2008). Accordingly, developing and managing stable and cooperative relationships enhances relational governance and mitigates bounded rationality and opportunism (Kano, 2018). Hence, we propose:

Proposition-7: Relationship-related PSAs, by enhancing cooperation, building relationship commitment, and engendering relationship satisfaction, promote relational governance and provide SEs a more efficient market mechanism to access and leverage PSAs for internationalization.

7 Theoretical implications

Given their small size and resource constraints, SEs may find engaging in FDI impractical. In fact, Internalization theory suggests that given the relative costs of servicing international markets, FDI may not be the best first option for such firms (Rugman et al., 2011). Our case insights enunciate how Amazon's PSAs allow these SEs to enhance their internationalization without committing to FDI.

Past studies have also emphasized platforms' role in accelerating firms' internationalization (Deng et al., 2022; Liu et al., 2022). Our study respondents mentioned that they could not have gone international without help from Amazon's PSAs. More specifically, SEs could not have imagined tapping multiple country markets at speed made possible by the help of platforms.

Understanding MNEs' FSAs and how they create efficiencies is at the core of Internalization theory (Kano, 2018, Rugman et al., 2011). Appositely, our analysis centered around these core ideas of Internalization theory by analyzing how PSAs create efficient markets and provide needed resources for SEs' internationalization. Our case data exposed SEs' glaring deficiency in many sources of NLB FSAs, and we set out to answer the question: how do SEs internationalize without developing their sources of NLB FSAs? Appropriately, our research showed how asset type FSA_A (exporting-, marketing-, and

technology-related PSAs) and network-related PSAs provide SEs with NLB assets for their internationalization. From the NIT perspective (Kano et al., 2021; Verbeke and Kano, 2015), our analysis expounded vital insights on how platforms manage interdependencies, economize on bounded rationality and reliability, allow for recombinations with complementor FSAs (Li et al., 2019), and provide SEs an à la carte menu of PSAs to leverage and combine with their idiosyncratic FSAs to achieve internationalization.

We set out to apply and test the range of Internalization theory in the context of platform-based internationalization of SEs. Accordingly, while MNEs have been the predominant unit of analysis under Internalization theory, we expand the range of internalization theory to internationalizing SEs.

More importantly, Internalization theory has traditionally seen a firm's NLB FSAs as the necessary provender for its internationalization (Rugman, 1992; Rugman and Verbeke, 2003, Rugman et al., 2011). However, in the platform economy, this assumption needs to be relaxed as internationalizing firms do not necessarily need to develop many of the sources of NLB FSAs instead, they can access NLB assets of platforms. Our case findings provide rich insights regarding how SEs access the NLB assets of the platform.

Furthermore, Internalization theory has been criticized for its weighty focus on modes of internalizing over cooperating or collaborating (Pitelis and Teece, 2018). Here again, this study enhances the range of Internalization theory to explain how cooperation between SEs and Platforms can lead to platform-enabled internationalization. More specifically, the study accentuates the key role of Governance and Relationship PSAs in precipitating cooperation and facilitating internationalization. The study also highlights the weaning importance of internalizing markets in the context of platform-enabled internationalization (Chen et al., 2022d, e). Even more generally, it has been argued that technology has enhanced the efficiency of global intermediary markets, making internalization less lucrative (Luo, 2021). However, this does not portent that Internalization theory is any less effective in providing an efficiency-based explanation of internationalization. Indeed, SEs internationalizing via platforms still operate in the web of quasi-internalization. In this realm of quasi-internalization (Narula et

al., 2019), efforts are apportioned to achieve allocative efficiency, and decisions are constantly weighed against the domineering aspects of bounded rationality and reliability.

Additionally, Internalization theory has been criticized for its lack of emphasis on learning-based ideas (Pitelis and Teece, 2018). However, NIT's exegesis of continuous resource recombination across products and geographies is implicitly looped in learning. Relatedly, our findings show how SEs leverage PSAs to gain global customer insights and insights via interfirm linkages afforded by the platform. In fact, platforms, via their network effects and economizing bounded rationality and reliability, create a vibrant arena for platform ecosystem members to learn from each other.

Other broader implications include how platforms reduce liabilities of internationalization for SEs. Platforms, due to their inherent characteristics of openness, network externalities, digital affordances, and an interdependent network of platform actors (Autio et al., 2018; Li et al., 2019; Stallkamp and Schotter, 2021), allow these SEs economical and easy access to their resources and capabilities. Hence, the platforms assuage the resource poverty of SEs. E-commerce platforms also help reduce the geographic and institutional distance by connecting many buyers and sellers via international marketplaces (network externalities) and providing exporting know-how, resources, and services that enhance SEs' global business familiarity and, thus, the ease of doing global business.

8 Future research and conclusion

Our analysis focused more on platforms' synergistic or cooperative nature and their complementors. Yet, there is a growing research momentum for understanding the competitive dynamics and governance issues mediating platform owner and complementor relationships (Chen et al., 2022b; Rietveld and Schilling, 2021; Zhu, F., & Liu., 2018). Meanwhile, platforms' interaction with complementors is also impacted by institutional forces such as anticompetitive legislation and policies of different countries (e.g., Singh et al., 2023). Therefore, we expect that the host country's competitive dynamics, institutional voids, and availability of digital infrastructure may also inform the level of internalization or externalization pursued by platforms in the complementor product category. Hence, investigations of the

institution and digital technology innovations may enhance our understanding of the competitive dynamics between platforms and complementors. We also anticipate that competitive dynamics in the platform context will be shaped by whether complementors are in high-tech or low-tech industries and their level of proprietary assets.

Furthermore, from an industry perspective, our study analyzed PSAs allowing small platform sellers to access diverse customer feedback for international growth. This finding complements past research on the positive platform externalities associated with cross-side network effects (Liu et al., 2022). However, we posit that just the presence of cross-side network effects is insufficient for small platform sellers to grow; while ME's small size may render nimbleness and flexibility, it can also constrain the ability to scale the development of localized products. Appositely, understanding how SEs can leverage platforms to collaborate with cross-national industry actors for scaling country-specific offerings may provide new clues regarding their international expansion.

Institutions and institutional voids are important contextual variables impacting the digital internationalization of smaller firms and platforms (Brieger et al., 2022; Deng et al., 2022; Jean et al., 2021; Singh et al., 2023). For example, Jean et al. (2022) suggest how institutional distance impacts market ambiguity, information asymmetry, and legitimacy pressures, firms face when internationalizing via platforms. Appositely, the platform ecosystem, including platform sellers, must recognize, interact, and adapt based on local institutional requirements (Rong et al., 2022). Moreover, national-level e-commerce policies and regulatory frameworks are also being proposed to enhance the digitalization of small firms and address anticompetitive concerns regarding large platform firms (Singh et al., 2023). Hence, governmental policies prescribing or proscribing the behavior of platform actors and the platform's strategic choices is an area ripe for future investigations (Singh et al., 2023). Relatedly, a case-based approach may provide country-specific insights regarding how platforms leverage their governance mechanisms to exploit institutional voids.

Another exciting avenue for future search from an institutional perspective is to explore the impact of cross-national differences on the development of international marketplaces. Research has

proposed that digital users demand localized products and digital interfaces (Rong et al., 2022). Our study highlighted the role of exporting PSAs in providing translation support and other locale-specific information. However, the extent to which international marketplace interfaces were localized was beyond the scope of this study. Hence, future studies may assess the role of cultural proximity (Rong et al., 2022) and users' locale-specific expectations in determining the extent of localization pursued by platforms and platform sellers.

Furthermore, the role of national digital infrastructure cannot be underestimated in the context of smaller firms seeking digital technologies for internationalization (Briege et al., 2022; Deng et al., 2022). The country's deficiencies in digital infrastructure may create logistics, payment, and other technology-related barriers for SEs to leverage platform-based internationalization adequately. Platform technology and relationship-related PSAs are especially important in countries lacking digital infrastructural support. Future research may explore how PSAs could be further configured to mitigate SEs' deficiencies in digital skills and their ability to access digital infrastructure. Perhaps, policy-level studies exploring the joint role of platforms and governmental bodies in digital infrastructure development may provide interesting insights.

The focus of this study was on PSAs needed for SEs' internationalization. But elaborating how SEs FSAs and platform's PSA are synergized and recombined during the internationalization process was beyond the scope of this study. Researchers can use NIT (Kano et al., 2021) to study PSA-FSA recombination as SEs leverage platforms to internationalize progressively. Additionally, future studies adopting the lens of Internalization theory and NIT could further explore the micro-foundations of SEs' decision-making regarding which PSAs to leverage and which FSAs to develop internally. Hence, a deeper dive into SEs' entrepreneurial decision-making process during platform-based internationalization could enrich the IB literature.

Besides, it will be interesting to see how SEs progressively build their portfolio of FSAs as they gain more international experience via platforms and start multihoming. Such longitudinal analysis could provide rich insights regarding the yet-to-be-explored internationalization paths of SEs. These

investigations also can test the range of internationalization theories and propose extensions and new theoretical developments.

Finally, emerging research on platforms using generational product innovation to stay competitive (Chen et al., 2022c) can be extended to how resource-constrained SEs leverage PSAs to enhance their experience and learning and create new generations of products.

Based on our reflexive analysis, we were mindful of potential biases. Thus, we implemented the four-pronged trustworthiness verification approach to assess our qualitative inquiry's credibility, transferability, dependability, and conformability (Lincoln and Guba, 1985). However, our propositions and the resulting conceptual model need to be tested and further verified to enhance the transferability of the findings.

In conclusion, this study was a curtain-raiser into the nascent field of platform-based internationalization of SEs. We delineated the PSAs and their linkages facilitating SEs' internationalization. We also confirmed the applicability of Internalization theory and NIT in the platform-based internationalization context. Besides the key PSA relationships leading to SEs' platform-based internationalization, the rich case data provided many intriguing contextual insights. Some examples include the role of FBA and 24/7 local customer support, how complementors, especially during the initial stages, enhance SEs' internationalization, and how network effects allow SE sellers to exchange ideas, learn, and collaborate. Thus, we hope our epistemological approach yielding rich contextual insights will inspire more mainstreaming of research on platform-based internationalization issues.

Figure 1: Platform-Based Internationalization of Smaller Enterprises

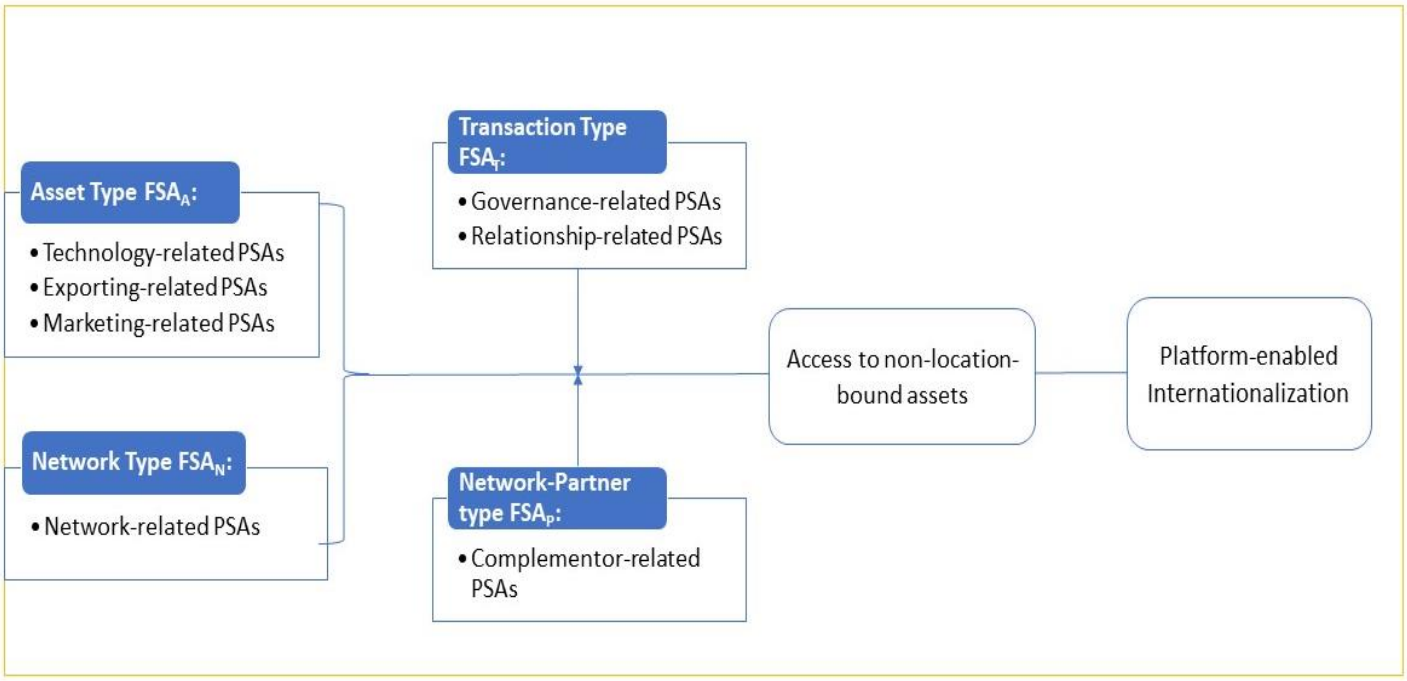

Table 1: Case Profiles of Indian Smaller Enterprises

Cases	Title	Founding Year	Exporting since	Products	No. of employee	Annual turnover (In US $)	Export turnover (In US $)	Export markets	E-commerce channel
Case-1	Owner	2016	2016	Apparel	5	43,000	10,700	UAE & Belgium	Amazon
Case-2	Owner	2014	2016	Jewelry and apparel	3	33,000	4,000	UK, US, Australia	Amazon + social media
Case-3	Partner	2011	2017	Fragrances	25	267,000	29,300	US, UAE, Canada	Amazon
Case-4	Owner	1991	2017	Luggage	4	33,000	9,300	UAE	Amazon
Case-5	Director	NA*	2016	Household Utensils	30	533,000	160,000	US & UK	Amazon
Case-6	Operation Manager	2011	2020	TV accessories	12	200,000	66,700	UAE, Turkey, Qatar	Amazon
Case-7	Partner	2011	2020	Consumer electronics	7	133,000	20,000	UAE, Nepal, Bangladesh	Amazon
Case-8	Partner	2006	2018	Handicraft textiles	9	200,000	100,000	US and Europe	Amazon
Case-9	Owner	2010	2015	Jewelry	13	600,000	160,000	US, UK, Singapore	Amazon

* Founding year not clearly established by forebears and is now 3rd generation.
Turnover in US $ (based on the exchange rate at the time) is rounded off to the nearest thousand.

Table 2: Data Structure

First order categories	Second order themes	Aggregate dimension
Overall ease of use Easy-to-use functionalities Navigational ease	Perceived ease of use	**Technology PSAs**
Operational efficiency Prompt service Useful tools/features	Perceived usefulness	
Brand recognition Brand trust Brand loyalty	Legitimacy	**Marketing PSAs**
Customer reviews Using customer feedback	Global customer insights	
Market visibility Marketing services	Global customer outreach	
FBA ease of use FBA efficiency FBA-business growth	Mitigating logistics barriers	**Exporting PSAs**
Taxes Regulation Export documentation	Mitigating procedural barriers	
Translation support, Currency conversions Locale-specific cust. support Locale-specific requirements	Localization	
Researching new markets Gaining market experience Learning from other sellers	Learning from networks	**Networking PSAs**
Increased connectivity Global customer access Connecting with other actors	Network externalities	
Resource challenges Platform resources	Access to network resources	
Business Enablement Business growth	Leveraging network resources	**Complementor PSAs**
Responsible Conduct Accuracy Assurance and Trust	Reliability	**Governance PSAs**
Terms and conditions Process clarity	Shared rules and guidance	
Secure business conduct Sense of safety	Mitigating risk	
Onboarding Education	Relationship Commitment	**Relationship PSAs**
Regular outreach Ease of communication	Mutual cooperation	
Friendliness Customer service experience	Relationship satisfaction	
Ability to grow Efficiency enhancements Increased business opportunities	Internationalization performance	**Platform-enabled internationalization**
Fast growth	Internationalization speed	

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