MASTER THESIS

Born Global Challenges and Performance
- A Study on Competences, Routines, and Corporate Governance Structure of Born Global Software Companies in Sweden and Norway

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Final Seminar: September 7th, 2009
Abstract

Date: 2009-09-07
Program: MIMA – Master of International Business and Entrepreneurship
Course Name: EFO705 Master Thesis
Title: Born Global Challenges and Performance - A Study on Competences, Routines, and Corporate Governance Structure of Born Global Software Companies in Sweden and Norway
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Problem: How do the born global firms overcome challenges and sustain performance in international markets through their competences, routines, and corporate governance structure?
Purpose: The purpose of this thesis is to explore the competences, routines, and corporate governance structure of born global companies, and understand their role in overcoming challenges of early internationalization and sustaining performance in international markets from early days.
Method: This research is conducted as multi-disciplinary, consisting of literature from International Business and Strategic Management. Relevant data is collected through six in-depth interviews with executives of born global companies from Sweden and Norway. Qualitative analysis has been used at data analysis stage.
Originality: This study contributes to literature by examining relatively neglected areas of born global companies; competences, routines, and corporate governance structure. It is also original in distilling a wide literature to explore challenges of born globals.
Conclusion: Our research reveals that despite their small size and limited resources, born global companies engage in competence building and leveraging activities, establish early international routines, and construct flexible governance structures to overcome challenges and achieve performance in the global arena.
Keywords: Born Global, global start-up, competence, routines, corporate governance structure, dynamic capabilities, competitive advantage, Sweden, Norway
Acknowledgements

First of all I would like to thank Ms. Rita Wikander on behalf of Swedish Institute for the immense help and support in turning my endless dream of studying in Sweden into an amazing reality.

Secondly I have to express my gratefulness to my supervisor Joakim Netz, whose knowledge and expertise in management have not only influenced this thesis but also my future plans and objectives in life. I am more than thankful to my co-author Evgenia Yuditskaya for her patience and understanding during hard times of our research. I also appreciate the cooperation of all the company executives in Sweden and Norway, and positive criticism of our friends in the seminar group, which took this work to a higher level.

Proudly I would like to dedicate this thesis to my beloved parents Canan & Vedat Tunca; I know I can never compare my hard work to the sacrifices they have been making for me in their entire lifetime.

Lastly I will take this opportunity to thank a little baby, Nehir, whose tiny little hands reminded me again after a long time to whom I should hold on to feel truly peaceful;

I love you, I'll be seeing you... Happy Birthday.

Burak Tunca
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I want to express my gratitude to teachers, friends and colleagues from Sweden, Belarus and Russia for their constant support. Especially I would love to give special thanks to my co-author, Burak Tunca, from whom I learned lot and who was always open for a productive discussion that was essential to complete the project.

I am deeply indebted to supervisor Joakim Netz whose help, support, encouragement and suggestions helped me on my ways from confusion to confidence on the every step of the research. I highly appreciate all the effort of former classmates who were sharing their opinion, criticizing and giving suggestions during seminars. The necessary research would not be possible without Maria Christensen, Mats Wilhelmsson, Gabriel Anerbjörk, Antony Hartley, Alf Martin Johansen and Jorgen Aase who helped us to get a deep insight into internal business processes of born global company, business tendency in software industry and who inspired us by their entrepreneurial achievements.

I am bound to my family and closest friends of the family without whom this year in Sweden will not be possible for me: Ermolova Ludmila, Kozlova Larisa, Uliya and Aleksandr, Shilin Aleksandr and Karpusenko Alena.

And lastly, I would like to dedicate this thesis to my sister who, I believe, will accomplish much more in her studies.

Evgenia Yuditskaya
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1 Introduction

This section provides a background on the born global phenomenon, and the rest of the paper is structured as follows; second section describes the methodology, third section includes findings and analysis. Discussion and conclusions are drawn in the last section.

1.1 Born Global: A Rising Phenomenon

Traditional view on international business mainly focuses on large firms with significant resources. On the other hand, the striking fact about today’s business environment is that more than 99% of all business in Europe are in SME (small and medium enterprises) category and these companies cover almost 70% of employment in Europe (SMEs in Europe, 2003). Moreover, the last two decades witnessed the emergence of many small companies internationalized rapidly. But despite this fact, government, public and scientific attention continues to remain on large companies (Loecher, 2000).

Undeniably, when we think about a global, multinational company, the first images on our minds are large multinational corporations (MNC) such as General Motors, Microsoft, or McDonalds. On the other hand studies in the area of international business have shown that an increasing factor behind many countries’ success in international business is the smaller companies (Rennie, 1993). As a result, many scholars have started putting emphasis on smaller companies, which are successful in the international arena and thus, one of the main area of interest became the emergence of a new phenomenon, a new type of small and medium enterprise (SME): Born Global.

The name “Born Global” was coined by McKinsey & Co. consultants in a joint research project by the Australian Manufacturing Council where they have noticed firms which started exporting only two years after their foundation, and successfully competing against larger firms in the market. That was considered to be a tremendous challenge to traditional firms, whose first export appeared at the average of 27 years (Rennie, 1993, p. 573). Rennie (1993, p. 47) also highlighted the importance of SMEs for the national economy by stating that SMEs are responsible for a significant and growing share of export activity, and born global firms are the most extreme example of the potential significance of SMEs for a nation’s export growth.

The basic distinctive characteristic of born global firms was described with its rapid internationalization – conducting international business from the inception or within few years after the establishment of the firm (Knight & Cavusgil, 1996; Oviatt & McDougall, 1994; Rennie, 1993). In the last 15 years, the world has witnessed increasing appearance of born globals, especially in the highly industrialized areas. Recent studies
have shown empirical evidence on large number of born globals in different business areas. The Economist ("America's little fellows surge ahead," 1993, p. 59) reported about the existence of so-called “born exporters” in USA, which are mainly high technology firms and share the common characteristic of thinking globally from the very first day. Rennie (1993, p. 47), examined the firms in the project by the Australian Manufacturing Council which covers more than 300 born global companies where he stated that 20 percent of new trade growth in Australia comes from born global SMEs. More recent studies have shown empirical data in large number of born global firms. Moen and Servais (2002) researched on 677 born global firms from three different countries, Norway, France and Denmark and concluded that more than 30% of exporting firms in these countries started their export activities within two years of establishment. Moen (2002) conducted a research which included 335 born globals from Norway and 70 from France. Luostarinen and Gabrielsson (2002) put emphasis on global strategies of born globals and researched 89 born globals in Finland. Other studies on born globals have also presented empirical evidences of born globals in Sweden, Australia, UK and USA (Andersson & Evangelista, 2006; Knight, Madsen, & Servais, 2004; Kudina, Yip, & Barkema, 2008).

The factors behind the global growth pattern of born globals can be explained by the changes occurred in the international marketplace in the past two decades. According to Rennie(1993, p.48), shift in the consumer preferences towards customized products created opportunities for small firms and the developments in communication enabled firm of any size to manage business across boundaries. Other factors behind emergence of born global firms include flexibility and adaptability advantages of small companies, trend of global networks (Knight & Cavusgil, 1996), and cheaper transportation that made exporting easier (Oviatt & McDougall, 1994). All these changes played a big role in decreasing cost of conducting international business. As a result the competitive advantage in the international arena shifted from firms with large size and long experience toward firms with unique knowledge and swift response capabilities (Oviatt & McDougall, 1995, p. 30).

Even though born globals are expected to be found mainly in high technology industries, various authors have stated that their emergence is irrespective of the industry. Rennie (1993, p. 49) argued that the born global story is not about particular technologies or sectors of the economy. In accordance with Rennie (1993), Oviatt and McDougall (1994, p. 48) stated that those early internationalized firms may appear in wide range of industries. Lastly, Madsen and Servais (1997, p. 580) in their research, consistently concluded that born globals may come from many industries, the phenomenon is not limited to high technology industries.
The rapid internationalization of born globals was perceived as a challenge to traditional theories which argued internationalization is a gradual, step-wise process (Johanson & Vahlne, 1977). As a result, many studies mainly investigated differences in internationalization process of born global firms, and factors behind the speed of their internationalization, such as entrepreneurship and high levels of networking (Knight & Cavusgil, 1996; Madsen & Servais, 1997; Oviatt & McDougall, 1994). On the other hand relatively less attention has been paid to the challenges that emerge in born globals as a result of the rapid (even instant) internationalization. Studies identified various different characteristics that born globals have in both organizational and operational context, which separate them from traditional large multinational enterprises. Unlike large multinational corporations (MNCs), born globals lack of sufficient resources (Oviatt & McDougall, 1994) and management of born globals views the world as its marketplace, unlike traditional companies who perceives foreign markets as an addition to domestic market (Knight & Cavusgil, 1996). Therefore, understandably it can be argued that due to their diverse characteristics, born globals face different challenges during their international operations, and it becomes important to understand how such companies overcome those challenges and operate successfully in global markets.

In order to illustrate how these companies perform successfully in international markets from early days, our research examines some of the organizational characters of born globals, which are competences, routines, and corporate governance structure. The next section introduces a background on the selection of these concepts and their role in born globals’ performance.

1.2 Competences, Routines and Corporate Governance Structure of Born Globals

As illustrated in the background of born global phenomenon, the born global theory is continuously being discussed and improved with ongoing researches. Various scholars provide propositions and indicate new directions for research to advance the born global theory. Madsen and Servais (1997) pointed out a direction for further research with their research model of “Born Globals”.

The Born Global Research Model is proposed by Madsen and Servais (1997, p. 581), as a framework which has to be filled in theoretically for further development of born global theory. The model rises upon three major parts; Founder, Organization, and Environment. As shown in figure 1, authors have outlined theoretical aspects which they recommend to be considered in future research on born globals.
In our research we are explicitly dealing with challenges faced by born globals within their organization in the international arena. Therefore, we have found it more relevant to put more emphasis on the organizational aspects of the model.

Within the organization of a born global firm, Madsen and Servais (1997) highlighted organizational aspects consisting of Competences, Routines and Corporate Governance Structure. Various authors have argued that these concepts deserve special attention in a born global firm.

Knight and Cavusgil (2004, p. 126) referred to evolutionary economics to explain success of born globals in foreign markets. It has been argued that critical competences and embedded routines, which compose organizational capabilities, lead the firm to superior performance in highly competitive or challenging environments. According to Rasmussen and Madsen (2002, p. 22), corporate governance structure have influences on firms’ performance, thus future research on born globals should also consider the composition, structure and function of the board of the firms.

Within those perspectives it can be concluded that competences, routines and corporate governance structure in a Born Global firm are important factors since they play a major role in both performance and competitiveness of the firm. Accordingly, these concepts’ impact on performance needs to be discussed in more detail for a better understanding of their mechanisms in a born global firm. Having said that, our research plays an important role in enlightening born global type of firms as it puts
emphasis on those relatively neglected concepts of the born global organization, competences, routines, and corporate governance structure.

1.3 Previous Studies on the Subject

Born global became one of the most discussed research topic for many scholars in recent years, and there are continuously new contributions to this area as a result of worldwide empirical evidences.

The research on born globals can be viewed from two mainstreams. Firstly, a higher percentage of research has investigated the born global firms’ distinct internationalization pattern and discussed the need for a new internationalization theory (Knight & Cavusgil, 1996; Madsen & Servais, 1997; Oviatt & McDougall, 1994). Secondly, more recent researches started to pay attention to a relatively neglected area; organizational characteristics of born global firms (Knight & Cavusgil, 2004; Luostarinen & Gabrielsson, 2002). Various authors have also provided a wide range of propositions to be discussed in future studies on born globals (Gabrielsson et al., 2008; Rasmussen & Madsen, 2002).

1.4 Motivation and Purpose of the Project

Our main motivation to examine born global phenomenon emerged from our interest in researching an issue which is relevant today and –which we believe- will be increasingly important in the future. For this reason we wanted to devote our energy on a subject which will be benefiting for various actors engaged in international business.

Whilst highlighting the trend in International Business in the last decades, it has been argued that large firms will always exist but much of the growth in new business activity is likely to occur among small, innovative, and flexible enterprises. In addition, it has been pointed out that economies capable of tackling the problems of such enterprises will establish a competitive advantage and enjoy higher export and job growth (Rennie, 1993, p. 51). Moreover, it is expected that the phenomenon of born globals will become more widespread in the future (Madsen & Servais, 1997, p. 566) and substantial numbers of born globals worldwide are likely to reflect an emergent paradigm, with the potential to become a leading species in the ecosystem of international trade (Knight et al., 2004, p. 137). Moen (2002, p. 157) suggests that the importance of born globals in terms of innovation, employment, economic growth, and the challenges facing the managers in born globals make research focusing upon this phenomenon important. In accordance with the authors, we believe that born globals are a critical issue and an increasing trend in global economy. Therefore examining born globals will provide a
useful insight to managers of such companies, business consultants, governmental officers, policy makers, other practitioners and researchers.

1.5 Research Question

According to Fisher (2007, p. 34), research questions are the type of questions that can be answered by doing research. In accordance with the background presented on the topic, our research is focused on answering the following question:

“How do the born global firms overcome challenges and sustain performance in international markets through their competences, routines, and corporate governance structure?”

The purpose of this thesis is thus foremost to explore the competences, routines, and corporate governance structure of born global companies, and understand their role in overcoming challenges of early internationalization and sustaining performance in international markets from early days.

2 Research Design and Methodology

This section provides information on how the research is conducted. To design the research as suggested by Fisher (2007, p. 39), researchers need to make decisions on methodological stance and research methods.

2.1 Methodological Stance

Defining methodological stance means explaining how the researcher interprets the social world (Miles & Huberman, 1994, p. 4). Our purpose for explaining the methodological stance of the research is to be clearer on the orientation of the research. As discussed in the background section, this research explores new areas in the born global theory which have not been discussed in depth in previous researches. Therefore it becomes crucial for the researchers to explain their methodological stance.

It is widespread in management researches to take realist approach (Fisher, 2007, p. 19) that means to seek to offer general explanations as the positivism while recognizing the subjective nature of the research and the inevitable role of values in it that reduces its relevance for predictions (Fisher, 2007, pp. 18-19). We agree with realistic view on the world as the objective reality but also share the ideas of interpretivists who believe that reality is socially constructed and therefore they study not an objective reality (that exists) but the way people make sense of it (Fisher, 2007, pp. 20-21). We believe that in the management research, an interpretive way of thinking to define characteristics of
variables is necessary, because a lot of information is connected with personal attitudes and subjectivities. The researchers’ view that there is an objective world and its understanding can only be subjective is close to “critical realism” (Fisher, 2007, p. 284). This methodological stance determines the orientation of our research.

2.2 Research Method

Stated purpose of the project and chosen methodological stance determined the chosen research method for the project - qualitative data analysis. That represents the research will be conducted through an intense contact with real situation (Miles & Huberman, 1994, p. 6).

The data to be used for the project has been collected from 4 companies from Sweden and 2 companies from Norway, which operate in software business sector.

We have decided to choose the software business sector in our research. This decision is influenced by several factors. The software business is receiving lots of attention as it is becoming an increasingly important global industry. Previous researches in the area of international business focused on manufacturing companies, thus putting emphasis on the high-technology sector would provide valuable and useful new insights for further studies.

The focal markets, Sweden and Norway, have been chosen since they provide a good basis for small innovative companies as small open economies with limited local market. The born global phenomena is particularly more important to small open economies (SMOPECs) than for larger economies (Luostarinen & Gabrielsson, 2002).

The research is based on primary data that is collected through a series of interviews with companies that fulfilled the following criteria of a born global company:

- small and medium enterprise (up to 250 employees) (Ayyagari et al., 2003)
- company operating in software sector
- home-country of the company is Sweden or Norway
- company has been founded with an international mindset and started international operations in early days

The companies have been selected through software business databases on internet, such as LinkedIn. Initial contact has been made to companies by email or phone call to
ensure they meet the above criteria. Following that, the contact details of owner-managers of the companies have been retrieved and an appointment for an in-depth interview has been requested.

In-depth interviews were arranged with 4 companies identified from Sweden: Mobizoft, Comintell, Mobile Sorcery, Scila and 2 companies from Norway: Induct Software and XT Software. Interviews are planned to be done face to face but due to limited time and distant geographical locations of some companies, 3 of the interviews were planned as telephone interviews. Due to their demanding schedule, company executives agreed on having a single interview. The in-depth interviews took approximately between 45 to 60 minutes. Conversations have been recorded upon agreement of the respondents, which allowed the authors to re-listen to the interview for better understanding.

In our research, we require specific information about business activities of the companies that could be provided only by owner-manager of born globals. Questions for the interview have been sent in advance, so the respondents were familiar with issues and topics that had to be covered during meeting: general information about the company, challenges, established routines, existing and acquired competences, structure of the board etc.

Interviews were designed as semi-structured, according do dichotomy of interviews suggested by Fisher (2007). On the other hand, it is claimed that during semi-structured interview respondent has much latitude to respond to the questions in the ways that seem sensible to them (Fisher, 2007, p. 159). Alternatively, researcher should be aware that it leads to potential misunderstandings and a persistent set of problems to be controlled (Holstein & Gubrium, 1999, p. 106). In order to prevent mentioned misunderstandings of interview questions they were formulated to be simple in nature though sometimes that led to general formulations. The process was controlled by specifying questions when necessary but still keeping interview in the frames of standardized questions.

Empirical findings through in-depth interviews are presented and analyzed in the fourth section. Due to the qualitative nature of the analysis, findings and analysis are discussed together. To illustrate the findings and analysis section better; figure 2 below has been prepared.

In the findings and analysis section firstly we present empirical findings on competences, routines, and corporate governance structure and analyze them with existing literature and knowledge, and secondly the role of those concepts on overcoming challenges of early internationalization is analyzed and a figure of conceptual analysis is presented.
As discussed earlier, we present our findings and analysis as interrelated to each other. Therefore the structure of this section has not been divided into two sub-sections. In order to avoid interlacing and provide better evaluation, a table of empirical highlights is presented in the findings and analysis section.

2.3 Reliability and Validity

Reliability and validity are tests that are used to justify the quality of the research (Bell, 2006; Fisher, 2007; Miles & Huberman, 1994)

Reliability is the result of how consistent, reasonably stable over time and methods were the researchers. To increase the extent of reliability we tried to fulfill mentioned criteria by stating clear research questions, designing the research that is congruent with research questions and being stable and critical in data collection process (Miles & Huberman, 1994, p. 278).

Validity will be discussed in following aspects: construct and external validity. Construct validity refers to this research as we used a short questionnaire to assess whether an organization exhibits a particular characteristics and can be defined as born global (Fisher, 2007, p. 295). The usage of multiple sources of evidence is suggested as one of the techniques to increase the level of construct validity (Yin, 2003). In our research we reviewed multiple terms and definitions about new types of firms that start international operations from the earliest days to distinguish common characteristics shared by these firms. These findings were later used to define a company as born global.

External validity shows “how far can conclusions be generalized” (Miles & Huberman, 1994, p. 278). This research will have limited external validity as conclusions could be generalized just to born globals from software industry.

2.4 Limitations

There is constraint that limits most of the researches - amount of time; and mainly it influences the extent of data collecting (Bell, 2006, p. 116). Due to mentioned time and
resource limitations this research will be based on the study of 6 born globals. As well research is limited by analyzing companies only from software industry and which are located in Sweden or Norway. These limitations may lead to the low level of external validity which means that it will be difficult to generalize the conclusions.

3 Literature Review

This section includes review of the literature related to the research problem. “Born Global” literature as well as literature on firm competences, routines, and corporate governance structure is critically reviewed.

3.1 Born Global Definition

Various authors, who have studied firm internationalization, used different terms and different definitions to explain the phenomenon of a new type of firm which engages in international business from the earliest days. A variety of terms, including “international new ventures”, “global startups”, and “early exporters” have been used as well as the widely accepted concept “Born Global”. A commonly agreed definition of born global concept does not yet exist in the literature. Thus, we have to examine a range of definitions first in order to reach a reasonable born global definition to be used in the research.

The term “Born Global” has first appeared in a joint research project of McKinsey & Co. and Australian Manufacturing Council. In this project, McKinsey Co. consultants have come across a new type of exporting firms; small to medium sized companies that successfully compete against large, established players in the global arena (Rennie, 1993, p. 45). They have defined that new type of firms as,

“the born global firms - began exporting, on average, only two years after their foundation.” (Rennie, 1993, p. 46)

In their article “Toward a Theory of International New Ventures”, Oviatt and McDougall (1994, p. 46) have spotlighted that taking advantage of business opportunities in multiple countries is no longer the preserve of large corporations. Along with the use of low cost communication technology and transportation, new ventures with limited resources may also compete successfully in the international arena. Authors have used the term “international new ventures” to label this phenomenon and shown empirical evidence on formation of international new ventures in a wide range of industries in different countries. They defined,
“an international new venture as a business organization that, from inception, seeks to derive significant competitive advantage from the use of resources and the sale of outputs in multiple countries.” (Oviatt & McDougall, 1994, p. 49).  

Knight and Cavusgil (1996) approached the phenomenon of Born Globals as a challenge to traditional internationalization models which argued that internationalization is a process in which the firms gradually increase their international involvement (Johanson & Vahlne, 1977, p. 32). According to their definition,  

“born globals are small, technology-oriented companies that operate in international markets from the earliest days of their establishment.” (Knight & Cavusgil, 1996, p. 11).  

European Commission has also recognized the concept of Born Globals in their report on internationalization of SMEs, and defined born globals as,  

“companies that set up their activity targeting a market that is either global by nature or within a niche field that has a very limited potential on the domestic market. They often begin exports within the first five years of existence.” (SMEs in Europe, 2003, p. 24)  

Hence born global is a new phenomenon, and born global theory is continuously being studied by scholars, there is currently not a certain definition agreed upon by authors. Definitions provided in the literature shares many common points, yet still in detail some differences are visible. The main reason for the existence of differences among definitions can be the result of different backgrounds on researches. Arguably, it can be concluded that due to different characteristics of the country or economy, a born global in US might be defined in a slightly different way than a born global in Scandinavia.  

Consequently this research is concerned with common characteristics shared by born globals. In accordance with the purpose of this thesis, we have found it more relevant to describe a broader concept and derive a definition regardless of particular factors, such as location (where born global emerged), exact year of starting international business, rate of foreign sales, and business area or industry, which have been brought up by other scholars in born global definitions. Throughout this research, we adopt the term “Born Global” and consistent with the common agreement within definitions of mentioned authors and reports, we define,  

“a Born Global is a small or medium sized company which is founded with a global mindset and started international business in early days after its foundation.”
The definition of a “Born Global” company, gives some hints on the challenges and constraints of such firms; young age, small size, and international business. It has long been argued that operating international business itself is a challenge for a company, yet a Born Global firm enters distant markets right away. Thus, the next section explores the challenges of born global firms that have been discussed within the literature.

3.2 The Literature on Born Global Challenges

Establishing operations in a new country has always been perceived as a challenge to a firm. Early theories of firm internationalization argued that differences between countries in language, culture, business practices, industrial development etc. are important obstacles to decision making in development of international operations. Thus, it was concluded that firms will gradually increase their international involvement, following the development of the individual firm (Johanson & Vahlne, 1977). As a result, the traditional approach put emphasis on a multinational company which has grown and developed sufficient resources necessary in the domestic base for a significant time and later considered operations across borders.

On the other hand, in the case of Born Globals, facing challenges in international operations are even more inevitable. In their study on 24 born global firms, Knight and Cavusgil (2005) concluded that these firms are particularly vulnerable to the challenges of international business as a result of being young, less experienced, and possessing limited tangible and human resources. The different characteristics of Born Globals, which distinguish them from traditional MNCs, can be considered as the basis of those challenges they meet in the international arena.

To illustrate born global characteristics better, firstly main characteristics of traditional MNCs should be explained. Rennie (1993, p. 45) describes the traditional idea of a multinational company as a domestic-based firm, whose core businesses are well established, with strong skills, solid financial capability, and a strong product portfolio. In consistency with those aspects of a large firm, traditional internationalization theories argued that firms with large resources are expected to take large steps in the process of internationalization (Johanson & Vahlne, 1977). Therefore, it can be concluded that in the area of international business large size has been thought to be an advantage and necessity. But as Oviatt and McDougall (1994, p. 51) argued, if large size were a requirement for multinationality, international new ventures (Born Globals) would seldom form since they are almost always small organizations. But as empirical evidences have shown, there are increasing numbers of such small sized international firms, but also it is a fact that these firms do not enjoy the advantages of having significant resources. Another distinct characteristic of born globals is that the management views the world as a marketplace at the foundation of the firm. A global
vision exists at the inception, unlike traditional firms which consider international business after a long time following the foundation (Knight & Cavusgil, 1996, p. 18; Oviatt & McDougall, 1995, p. 34). With their small size and global posture, born globals in deed do not match the traditional view on MNCs, and these different characteristics bring challenges to born globals in the international arena.

The born global challenges have been brought up by various scholars. Rennie (1993, pp. 46-51), argued that problems and constraints of born globals are very different from those of larger firms. He discussed different key constraints between born global and domestic based firms, and stated that born global faces management transition issues earlier. According to Rennie (1993), the main challenges of born globals in their research of born globals in Australia were credibility, access to finance, market information, and the lack of an innovative and international mindset. The author argued that these issues deserve attention, but however did not discuss them in depth.

Oviatt and McDougall (1994) highlighted that those early internationalized firms’ resources are constrained by their young age and small size. Authors argued that large MNCs with significant resources overcome challenges by relying on those resources, i.e. controlling many assets through ownership. On the other hand, born global firms commonly lack of sufficient resources to do so, and as a result they are challenged to rely on alternative governance structures, different modes of controlling assets; such as hybrid and network structures (Oviatt & McDougall, 1994, p. 54). In accordance, Madsen and Servais (1997, p. 581) stated that for many born globals it is a special challenge that they often have to choose hybrid forms of governance structures, and it should be analyzed how these firms use strategic alliances and networks since this is a very important managerial issue.

In order to extend the challenge of scarce resources, the need for special human resources in born globals should also be discussed. For most of the born globals, the crucial need of human resources is not cheap-unskilled labor. In accordance with the global vision of the firm, the human resources should also have to capability to think and act globally. Madsen and Servais (1997, p. 577), stated that the scarce human resources in born globals may challenge them to outsourcing and employing persons with specialized skills from competitors or from related industries.

Madsen and Servais (1997, p. 564), stated that born global firms seek partners to govern their sales and marketing activities in special networks. They have argued that this is necessary since the born global firm have limited resources and need partners to complement their competences.
Often these firms govern their sales and marketing activities through a specialized network in which they seek partners who complement their own competences; this is necessary because of their limited resources.

After studying a large number of born global firms in Norway and France, Moen (2002, p. 157) stated that the managers of born globals face extreme challenges tackling all the problems confronting a newly established firm (establishing production, recruiting employees etc.), as well as the problems that come when beginning to export (conducting international business). The main challenges of operating across borders include governmentally barriers to trade, incomplete understanding of laws, language, and business practices in foreign countries (Oviatt & McDougall, 1994, p. 55). As discussed earlier, traditional MNCs often overcome those obstacles with the advantages of their larger size and resources, but born globals, again, need to have alternative methods which are relevant to the smaller size. Moen (2002) also highlighted that born global firms lack of a market position at home country and deploy resources to build a market position abroad. It has also been discussed that born global firms are most likely to have owner-managers, and need external capital for development of the firm. On the other hand, external funding (such as venture capital investors) reduces the owner managers’ control over the firm. As a result the conflict between control and external funding creates a crucial challenge for managers in born global firms (Moen, 2002, p. 171)

Another challenge for a firm in international operations is market knowledge and information. According to Penrose (1995, p. 53), there are two kinds of knowledge. One kind can be learnt and transmitted to others, whereas other kind of knowledge is a result of learning in the form of personal experience. In accordance with Penrose, Johanson and Vahlne (1977, p. 39) stated that establishment and performance of operations in a country require both general knowledge (knowledge that can be transferred between markets) and market-specific knowledge (knowledge that can be gained only through experience in a specific market). It has been documented in studies that born globals are generally formed by internationally experienced entrepreneurs but still it is arguable that as a firm, born globals have little or no experience in any market (Oviatt & McDougall, 1994, p. 51).

As discussed so far, challenges faced by born globals have drawn attention of scholars, but those challenges have not been discussed or analyzed in depth until Luostarinen and Gabrielsson (2002) studied 89 Finnish Born Global companies, which are facing entrepreneurial and managerial challenges as a result of rapid globalization. It has been argued that Born Globals, the small companies with limited financial and managerial resources have to face the largest managerial challenge: to globalise the firm and to do it soon and fast (Luostarinen & Gabrielsson, 2002, p. 9).
Luostarinen and Gabrielsson (2002, p. 18), have divided entrepreneurial challenges into four groups:

1) Managerial challenges
2) Research and Development challenges
3) Sales and Marketing challenges
4) Financial challenges

In accordance with other scholars, Luostarinen and Gabrielsson (2002) argue that young age and limited resources of born globals are the main factors behind challenges faced. Authors explicitly defined the managerial challenges of born globals as;

“from the management point of view, the founders of Born Globals are really facing the largest managerial challenge today i.e. the challenge to start to globalize the firm, to invest exceptionally in creating global networks, in starting global marketing and sales efforts and in continuous product development already at the initial stage when the firm is just established, being very small, inexperienced in global affairs with limited financial resources” (Luostarinen & Gabrielsson, 2002, p. 19)

The major challenges of born globals discussed by Luostarinen and Gabrielsson (2002) can be summarized as:

- Insufficient financial resources to cover cost of global operations
- Limited knowledge on global management and marketing
- Difficulty to hire experienced managers
- Lack of trust and credibility in the eyes of stakeholders
- Conflicts between boards of company and venture capital investor (if any)
- Difficulties in hiring experienced R&D and sales-marketing personnel
- Unpreparedness of born globals to changing financial situations

The work of Luostarinen and Gabrielsson (2002) have contributed to literature in categorizing born global challenges, but we argue that instead of defining challenges in more general terms, it would be more relevant to discuss and relate the challenges with organizational aspects of the born global firm.

So far we have outlined the major challenges of born globals that have been discussed in the literature. Table 1 provides an overview of literature on born global challenges. As it can be easily noticed, various authors highlighted different challenges, and some of the challenges have been mentioned in a very broad manner. Even though some findings are empirically supported, authors have also relied on their judgment to argue
<table>
<thead>
<tr>
<th>Author(s) &amp; Year</th>
<th>Sample &amp; Country</th>
<th>Challenges Identified</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rennie (1993)</td>
<td>300+ / Australia</td>
<td>• Credibility</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Access to finance</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Market information</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Lack of an innovative and international mindset</td>
</tr>
<tr>
<td>Oviatt &amp; McDougall (1994)</td>
<td>N/A</td>
<td>• Lack of sufficient resources</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Need for alternative governance structures</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Governmentally barriers to trade, incomplete understanding of laws, language, and business practices in foreign countries</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Little or no experience in any market</td>
</tr>
<tr>
<td>Madsen &amp; Servais (1997)</td>
<td>N/A</td>
<td>• Need for hybrid forms of governance structures</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Scarce skilled human resources</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Need for partners to complement the firm competences</td>
</tr>
<tr>
<td>Moen (2002)</td>
<td>355 / Norway 70 / France</td>
<td>• New establishment challenges (production, employee recruitment etc.)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Problems in beginning to export</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Lack of market positioning</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Conflicts between owners and external investors</td>
</tr>
<tr>
<td>Luostarinen &amp; Gabrielson (2002)</td>
<td>89 / Finland</td>
<td>• Insufficient financial resources for global operations</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Limited knowledge on global management / marketing</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Difficulty to hire experienced managers</td>
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<td></td>
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<td>• Lack of trust and credibility in the eyes of stakeholders</td>
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<td>• Conflicts between boards of company and venture capital investors</td>
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<td></td>
<td>• Difficulties in hiring experienced R&amp;D and sales-marketing personnel</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Unpreparedness to changing financial situations</td>
</tr>
</tbody>
</table>

*Table 1: Overview of born global challenges in literature*
what kind of problems and constraints born globals might face. Moreover some resources are more useful explaining internationalization problems of small companies, not explicitly born globals. Arguably, it is difficult to discuss accuracy of the literature on this issue.

As discussed by scholars, born global research is still at an infant stage and challenges of born globals have not been examined in depth. On the other hand we believe a significant amount of studies provide useful insight in defining and understanding those challenges. From a critical point of view, we argue that challenges of born global firms have not been categorized clearly or presented by means of theoretical concepts. Consequently, we find it important to discuss and analyze those challenges from a theoretical perspective. The next section introduces the theoretical framework which will be used throughout the research.

### 3.3 Theoretical Framework

In this section we portray the theoretical framework of the research. At the background section Born Global Research Model by Madsen and Servais (1997) has been introduced. In accordance with the born global research model introduced by Madsen and Servais (1997), a theoretical framework is developed to be used throughout the research.

![Figure 3: Theoretical Framework by authors](image)

As discussed earlier, competences, routines, and corporate governance structure are important determinants of firms’ performance and competitiveness. On the other hand, literature on born globals has argued that as a result of small size and rapid internationalization, born global firms are facing various organizational challenges. For those reasons, the theoretical framework includes concepts of competences, routines
and corporate governance structure which lead to born global performance by overcoming challenges. It is developed as tool that demonstrates how organizational aspects lead to firm performance, and the challenges faced during this process.

### 3.3.1 Competences

As discussed earlier, increased globalization, rapid development of new technologies, and appearance of new types of organizations have influenced and modified the way firms compete. Accordingly, it has been argued in the strategic management literature that traditional theories could not keep up with the new, dynamic modes of competition (Sanchez & Heene, 1997). Traditional strategic management theories have mostly put emphasis on a single firm and significant resources controlled by that firm, but now companies are more and more operating in networks where they cooperate and compete with each other. Sanchez and Heene (1997, p. 304) argues that according to the competence perspective, competitive advantage can be obtained by coordinating flows of intellectual assets and other resources within and between firms. Authors suggested that the competence view provides a better insight in understanding contemporary means of competition between firms, and ways of achieving competitive advantage in new types of organizations.

Firstly, an important aspect to be discussed in competences is the concept of “core competence” of a firm. Teece et al. (1997, p. 516) defines the core competence as “the competences that identify a firm’s fundamental business as core”. Accordingly, authors argue that a distinctive core competence will be difficult to replicate by competitors. A unique core competence, therefore, is an important factor of competition as it sets the firm apart from its competitors.

When defining competences of a firm, it is important to discuss the “ownership of competence”. It is argued that firms benefit from both personal and corporate competences (Hamel & Heene, 1994, p. 242). **Personal competences** are defined as the competences which are possessed by one or few individuals within the firm. As a result of being owned by individuals, these competences are lost once they leave. **Corporate competences** are implemented through people and embedded in the systems, mechanisms and processes of the firm, therefore owned by the organization itself. Unlike personal competences, they are not dependent upon presence of individuals, hence will not be lost easily.

According to Sanchez and Heene (1997, p. 306), an organization achieves competence when it has an ability to sustain coordinated deployments of resources in ways that help an organization to achieve its goals. Competence must include the ability to respond to the dynamic nature of an organization’s external environment and of its own internal
processes (Sanchez, 2004, p. 521). Both processes require continuous inputs of energy and attention, coordination and directing of organizational assets to specific value creating activities and multiplicity of individual and institutional interests in order to maintain organizational goal – to achieve market positions through value-creating process. In other words, achieving organizational competence requires an effective integration of internal organizational and external competitive dynamics (Sanchez & Heene, 1997, p. 304). The motives of competence-based theory, which seek to include both organizational and environmental aspects, make this theory very applicable to born-global organizations which build international competences in early days of establishment, and in continuous cooperation with networks and other companies.

The competence-based competition theory suggests that each firm develops a strategic logic, which identifies the actions that will help it achieve its goals. In pursuing those goals, a firm uses various kinds of tangible and intangible resources, and those resources can be located both within the firm (firm-specific resources) and in other organizations (firm-addressable resources) (Sanchez & Heene, 1997, p. 306). Instead of putting emphasis on only interdependencies among internal resources of the firm, competence-based theory links coordination of own internal resources of the firm and those in other organizations.

Competence-based theory suggests that a firm undertakes a mix of “competence leveraging” and “competence building” activities in order to reach its goals. Competence leveraging occurs when a firm applies its existing competences to new market conditions without qualitative changes in firm’s assets or capabilities. On the other hand, competence building occurs when the firm acquires and uses qualitatively different resources and achieves new abilities to deploy new or existing assets and capabilities (Sanchez & Heene, 1997, pp. 306-307). In accordance with the management’s view on organizational goals and current market conditions, competence building and leveraging actions will be pursued. It is also argued that firms may also form or engage in “competence alliances” where one firm’s competences and resources are linked to other firms to reach broader range of competences and acquire desired competences more quickly. In today’s market conditions, it is very challenging to a firm to survive by only relying on its own resources. As discussed earlier, also in accordance with born global companies, today more and more companies are engaging in networks and alliances. Madsen and Servais (1997, p.577) argued that the reliance on sourcing options from firms with complementary competences is probably a more common picture in Born Global companies than in other exporting firms because the internal competence and routines in such a firm are insufficient to achieve the desired development. For those reasons, competence-based theory distinguishes itself as a tool that identifies not only firm specific resources, but also complementary resources available to the firm through alliances.
If competences are as crucial to performance as it has been discussed, it is the responsibility of management to increase and sustain it (Hamel & Heene, 1994, p. 258). Therefore distinct competences of a born global firm are important tools to understand the way they overcome challenges and sustain performance in the international arena.

### 3.3.2 Routines

The phenomenon of organizational routines is widely studied as it is an important aspect of an organization. From early on, the definitions of routines had the notion of “patterns” in central to the concept: “routines is a pattern of behavior that is followed repeatedly, but is subject to change if conditions change”; “routines are flexible patterns offering a variety of alternative choices” (Becker, 2004, p. 644). Feldman and Pentland (2003, p. 96) have distilled the literature on routines and provided a definition: “an organizational routine is a repetitive, recognizable pattern of interdependent actions, involving multiple actors”. Teece et al. (1997, pp. 518-520) indicated routines as patterns of interactions that represent successful solutions to particular problems within an organization, or in simpler words, the way things are done within the firm.

Organizational routines are discussed to have effects on the firm performance in various aspects. Becker (2004, pp. 654-662) stated that organizational routines have impacts on coordination and control, truce, economizing on cognitive resources, reducing uncertainty, stability, and storing knowledge within the organization. It is argued that routines enhance interactions among participants, which leads to better coordination and results in positive performance. Smoothly running routines also establish truce among organizational members, which has a positive impact on the firm governance. Becker (2004) also discussed how the routines economize the time necessary to reach a solution and allow spontaneous reactions when constraints arise. In situations of uncertainty, routines are argued to contribute to actor’s decision making process by establishing certain expectations for the members of the firm. Another positive impact of routines is on stability. As stated earlier, routines are the way tasks are achieved. Hence, as long as an existing routine is satisfactory in problem solving, the organization will not repeatedly look for new ways of doing things, which results in stability and also cost reduction. Finally, organizational routines have been discussed by their ability in storing knowledge. Unlike other repositories of knowledge (such as databases or documents), routines are argued to be able to store tacit knowledge, which is held by both individuals and the organization.

Teece et al. (1997) argues that the source of competitiveness is not gained or reflected through fixed assets of the firm, such as plant and equipment. Authors suggest that competitive advantage lies within organizational and managerial processes, referred as
routines, of the firm (the way things are done in the firm), and shaped by firm’s possession of technology, networks, and other complementary assets.

Organizational routines are argued to have three roles within the organization; coordination/integration, learning, and reconfiguration (Teece et al., 1997, pp. 518-521). Firstly, it has been stated that how firm coordinates/integrates internal and external activities has significant impact on performance. Especially the contemporary competition requires high levels of external integration and sourcing, such as partnerships, alliances, technology collaboration etc. Secondly, it has been argued that organizational knowledge generated by learning activities is located in routines of the organization. This knowledge might be transferred from individuals in the firm (such as entrepreneurs or managers), but also collaborations and partnerships with other actors result in inter-organizational learning. Lastly, authors point out that in rapidly changing environments, firms need to monitor the markets and new technologies continuously. Consequently the organizational routines should be established in a way that they promote flexibility and minimize low pay-off change.

In their dynamic capabilities perspective on strategic management, Teece et al. (1997) argues that competences can provide competitiveness only if they are based on a set of routines, skills, and complementary assets that are difficult to imitate. As a result, it can be concluded that competences and routines should be evaluated together if they are to affect firm performance positively. According to behavioral theory of the firm, the firm is assumed to lack the routines to solve new problems in relation to internationalization (Madsen & Servais, 1997, p. 568). Domestically well established firms need to unlearn ongoing routines before learning internationally oriented routines to solve problems of internationalization. On the other hand, born global firms, as a new established firm, have no organizational routines to unlearn prior to internationalization. That is discussed as an advantage since knowledge acquisition about international business will be easier (Knight & Cavusgil, 2004, p. 128). Consequently, the wide range of discussion around organizational routines makes the research on routines in born global companies essential.

### 3.3.3 Corporate Governance Structure

Corporate governance issues in organizations are receiving considerable attention in the business world as well as in academic research. Corporate governance definitions vary somewhat depending on the discipline where the definition is used. Various definitions are provided for corporate governance but in general and very broad terms, corporate governance deals with how the board of directors contribute in directing an enterprise (Huse & Landström, 2002). According to Abor and Adjasi (2007, p. 113), corporate governance describes how companies should be run, directed, and controlled.
Colley et al. (2004) stated that effectiveness of corporate governance has a profound effect on how well a business performs. Hence, the poor performance of firms is commonly related to boards that have not effectively solved problems confronting the business.

Corporate governance literature has mainly discussed implications in large firms. On the other hand, recent studies in this area started to discuss corporate governance in SMEs, yet born global literature does not provide any study on corporate governance issues. For that reason, in accordance with the definition of a born global firm, we have found it relevant to take support from corporate governance literature on SMEs and international involvement of SMEs.

Abor and Adjasi (2007) argued that traditionally corporate governance has been associated with larger companies in relation to the existence of agency problem. Agency problem can be defined as a conflict of interest between members of the organization (Hart, 1995). Mainly these problems are result of relationships between shareholders and managers. Fundamentally, in SMEs, owner and manager is the same person, thus agency problem is less likely to exist in such firms. In the case of SMEs it is more difficult to separate ownership and management. Hart (1995, p. 678) argues that in the absence of agency problem, no governance structure is required since all organizational members have common aims. But still it is argued that benefits of good corporate governance are also applicable to SMEs, especially in highly innovative and entrepreneurial ones (Abor & Adjasi, 2007). Extending this argument may lead us to discuss corporate governance in born global companies better.

Corporate governance is mainly concerned with profit maximization. According to Abor and Adjasi (2007), this profit motive would contradict efforts to encourage entrepreneurial activities in the firm. They argue that the corporate governance requires appointment of board members and appointing the right thinking members will promote entrepreneurial direction of the firm. Therefore the corporate governance needs to be structured in a way that it will not limit research and development, innovation, and other entrepreneurial activities within the firm. In accordance with this perspective, Benn and Dunphy (2007) point out that in today’s environment achieving sustainability involves more and more inter-organizational relations, partnerships and other means of cooperation. Therefore the challenge for the corporate leaders in this network-based organizational world is to establish corporate governance which supports flexibility and change.

One important challenge for corporate governance in born globals can be argued to be related to the young age and small size of the firm. Born globals are young small firms operating internationally. As a result they do not have the sufficient time and opportunity to construct effective corporate governance structures. Moreover, as
discussed in born global challenges, these firms are also lacking resources and are in need of alternative governance structures (Madsen & Servais, 1997; Oviatt & McDougall, 1994). These alternative governance structures have not been discussed in depth but mentioned as hybrid forms, networks and partnerships. Fernandez and Nieto (2006) have studied the relationship between ownership type and internationalization of SMEs. Authors highlighted that strategic alliances are also an important factor in rapid internationalization of SMEs and formation of born globals. Therefore it is important that the corporate governance structure involves the company and all interested parties (Abor & Adjasi, 2007, p. 114).

The current literature on corporate governance lacks implications on SMEs, let alone the born global type of firms. It must be noted that good corporate governance systems may result in greater performance in small firms as well as large corporations. As discussed earlier, born global firms are young, innovative firms. As a result, when implementing corporate governance mechanisms, these firms should not lose sight of innovation and creativity which adds value to the firm (Abor & Adjasi, 2007, p. 115). Accordingly, the establishment of governance structure which favors entrepreneurial activities and is in coordination with partnerships and alliances becomes a key topic for born globals. On the other hand, there is virtually no empirical research yet that examines corporate governance of born globals and how it supports performance of the firm. Therefore shedding some light on this neglected area of born global research is important in understanding these types of firms’ characteristics.

4 Findings and Analysis

This section includes company backgrounds, empirical findings and analysis of the data collected.

4.1 Company Backgrounds

Our findings are derived from 6 successful born global software companies from Sweden and Norway. The most common characteristic of companies in our research is being international at inception. All companies have been established with a global mindset and objectives to be pursued globally.

Mobizoft was founded in 2005 in Luleå, Sweden, and is a world leading provider of mobile internet enabling software products with offices in Luleå and Stockholm. Co-founder and CEO (Chief Executive Officer) of the company Maria Christensen states that they knew already from start that if they can’t scale up rapidly to be an international player they will not succeed. As a result, the company has started international operations from inception and presently reaches customers in Scandinavia, Europe, and
United States. Mobizoft operates with 7 employees with a management board of 4 members. Last year the company has achieved 1 million SEK annual turnover.

Scila is a software company based in Stockholm and provides exchanges and other market places a competitive market surveillance system. The company was founded in 2008 and already has client in Hong Kong and initial operations in United Kingdom. Mats Wilhelmsson, who is the COO (Chief Operating Officer) and Co-founder of Scila, highlights that since in their area the market is limited in Sweden, they knew right at foundation that Scila will not be a local company. Currently the company has 4 employees who also composes the board and has 6 million SEK annual turnover.

Comintell was founded in 1999 and is a leading provider of software for competitive and market intelligence. Gabriel Anderbjörk, who is director of partner relations, co-founder and chairman of the board, pointed out that Comintell was founded as an international company, which currently has headquarters in Stockholm and reaches customers in North America, Europe, Australia, New Zealand, and China. The company has 10 employees with a board consisting of 3 members, and has an annual turnover of approximately 10 million SEK in 2008.

Mobile Sorcery is a software company which develops mobile applications and services. The company was established in 2004 in Stockholm, Sweden and also has representation in Singapore. Founder and CTO (Chief Technology Officer) of the company Antony Hartley states that producing software for telecom is not a local phenomenon and they have started networking and generating interest from all over the world at the very beginning – even during the development stage. As a result, the company reaches many markets including United States, United Kingdom and Singapore. Mobile Sorcery operates with 18 employees and a management board of 4 members. Company has achieved approximately 8 million SEK annual turnover in 2008.

Induct Software, which provides software for innovation management, was founded in 2007 in Oslo, Norway. Chairman and founder of the company Alf Martin Johansen states that Induct Software was founded as a “Born Global” company which currently sells products in United States, United Kingdom, Scandinavia, and Germany. Induct Software has 10 employees and a board composed of 4 members. After dedicating their effort mostly in developing their concept and software in 2008, the company estimates their turnover as 3.5 million NOK in 2009 and 10.5 million NOK in 2010.
<table>
<thead>
<tr>
<th></th>
<th>Mobizoft</th>
<th>Scila</th>
<th>Comintell</th>
<th>Mobile Sorcery</th>
<th>Induct Software</th>
<th>XT Software</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Headquarters</strong></td>
<td>Stockholm, Sweden</td>
<td>Stockholm, Sweden</td>
<td>Stockholm, Sweden</td>
<td>Stockholm, Sweden</td>
<td>Oslo, Norway</td>
<td>Oslo, Norway</td>
</tr>
<tr>
<td><strong>Software Business Sector</strong></td>
<td>Mobile Internet Enabling</td>
<td>Market Surveillance</td>
<td>Market Intelligence</td>
<td>Mobile Applications</td>
<td>Web-based Open Innovation</td>
<td>Music Creation</td>
</tr>
<tr>
<td><strong>Major Markets</strong></td>
<td>Scandinavia, Europe, USA</td>
<td>Hong Kong, UK</td>
<td>North America, Europe, Australia, New Zealand, China</td>
<td>USA, UK, Singapore</td>
<td>USA, UK, Scandinavia, Germany</td>
<td>USA, Europe, Australia, Online Sales</td>
</tr>
<tr>
<td><strong>Number of Employees</strong></td>
<td>7</td>
<td>4</td>
<td>10</td>
<td>18</td>
<td>10</td>
<td>4</td>
</tr>
<tr>
<td><strong>Management Board</strong></td>
<td>4 members</td>
<td>4 members</td>
<td>3 members</td>
<td>4 members</td>
<td>4 members</td>
<td>4 members</td>
</tr>
</tbody>
</table>

**Table 2: Overview of Company Backgrounds**

XT Software is a multimedia company which provides community-based music creation software. The company is established in 2006 and based in Oslo, Norway. CTO (Chief Technology Officer) and founder of the company Jorgen Aase says that they have reached customers worldwide at the start by establishing sales through their web page. XT Software currently reaches virtually all countries by online sales, and retail sales also
take place in many markets including United States, Europe, and Australia. The company has 4 employees which also composes the management board and approximately 770,000 NOK turnover in 2008.

Table 2 overviews the born global companies in our research. It is noticeable that majority of the companies are operating in diverse markets despite established only a couple of years ago. The companies are also very small by means of number of employees, and the background information highlights that companies have a management board consisting of not more than 4 members.

The in-depth interviews with owner-managers of the companies resulted in valuable information which provides new insights in born global companies. The empirical findings and analysis are presented in the next section through Born Global Competences, Routines, and Corporate Governance Structure. A conceptual analysis on how those firms overcome challenges of early internationalization is also provided.

4.2 Born Global Competences

The born global software companies in our research show that their core business is based on a unique software product which focuses on particular needs of customers. Chairman of Comintell stated that they do not prefer to deal with activities which are not related to their core competence; instead they buy such services (such as accounting or consulting) from external providers or solve them with their partners. Thus, the companies can concentrate on their core business, which also enables them to focus directly on the need of their customers. CEO of Mobizoft pointed out that “it is so extremely important to focus on your core business and your uniqueness and partner with everybody else to produce a complete offer.” Accordingly, chairman of Induct Software stated that “what we have chosen to do is to create a pure software company.” Prahalad and Hamel (1990) pointed out that the core competence of the firm provides potential access to a wide variety of markets. Therefore the unique software product, which is hard to replicate, can be defined as the core competence of such firms. Our findings are in accordance with Madsen and Servais (1997, pp. 576-577), who argued that the core competence of a born global must be expected to be narrow and focused to a higher extent than is the case for other exporting firms.

When we take a look at the backgrounds of the founders of the born global companies, we notice that they all brought a wide range of international experience to the firm. Besides, as the owner-manager of Mobile Sorcery points out, such small firms need to find most competent people for the key positions. Clearly the personal competences of founders and other key people in the organization grasp knowledge of global markets and international networks. Those competences have a large influence on the “born
global” nature of the firm as they are implemented to the company through people. As the chairman of Induct Software pointed out, creating an environment where all employees are open minded and think globally is very important, this message needs to be disseminated through the company. On the other hand the competences of the firm itself, which is referred to as “corporate competences”, deserve more attention since those types of competences are embedded within the firm and will not be lost as easily as personal competences. The software companies in our research confirm that as a result of the rapid internationalization, the companies instantly start deploying their resources to achieve goals at an international, even at a multinational level. Teece et al. (1997, p. 528) argue that such distinctive competences cannot be acquired, and it takes years, possibly decades to build them. In contrast, our findings indicate that the born global companies achieve international competences in the earliest days which allow them to reach distant markets, and operate successfully. Apparently, only implementing personal competences to the firm is not sufficient to achieve those competences. As the literature and empirical findings point out, born globals are in need of complementary resources as a result of their young age and small size. Therefore the resources which are located outside of the firm become crucial in achieving competences. In order to illustrate this better, the strategic logic of the firms to achieve goals needs to be analyzed.

The owner-managers of born global software companies we have interviewed without exception stated that they are following a “partner strategy” in their international operations. Mobizoft CEO pointed out that launching a global sales force would require too much time and resources; as a result they decided instantly that they needed a partner strategy. COO of Scila stated that the simple explanation to their instant internationalization is the partnership agreement they have signed. As illustrated, our empirical findings reveal that born global companies effectively use resources located outside of the firm in pursuing their international goals. In other words, the companies engage in “competence alliances” to complement the competences they lack and rapidly acquire competences they desire. The companies we have interviewed pointed out that their partners complement their competences in various ways including sales, marketing, and business development. Due to the young age and small size, the born global companies lack the marketing muscles to promote and deliver the product internationally on their own. Our research identified that the initial markets born globals enter are the markets in which the partners have superior local market knowledge. The partnership agreements enable the firm to deliver the product virtually any market in the world. The in-depth interviews also revealed that the early partners and markets are familiar to the firm in relation to networks of the owner-managers. But if the company is to enter a completely new market, new partners with knowledge of that particular market need to be identified and partnership agreements are needed to be made. Thus,
the “competence leveraging” and “competence building” activities occur along with the partner strategy.

The companies in our research illustrate that they leverage their competences (use existing competences) when they engage in partners and markets which are familiar to them through personal networks or by other connections. On the other hand, entering a completely new market requires usage of different resources, such as taking external support in finding new partners. We argue that as the born global firm move into new markets through new partners, they achieve new abilities by using new resources, thus competence building occurs. Undeniably, our research reveals that the most fundamental competence companies have gained through their operations is finding the fitting actors and partners, and signing large partnership agreements as a newly established small company.

<table>
<thead>
<tr>
<th>Theoretical Frames</th>
<th>Empirical Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core Competence of the Firm</td>
<td>Focusing purely on unique software product</td>
</tr>
<tr>
<td>Personal Competences</td>
<td>Prior international experiences of owner-managers</td>
</tr>
<tr>
<td>Corporate Competences</td>
<td>Creating a firm environment which represents the global posture of the firm.</td>
</tr>
<tr>
<td>Competence Alliances</td>
<td>Partnership agreements</td>
</tr>
<tr>
<td>Competence Leveraging</td>
<td>Entering familiar markets with existing partners</td>
</tr>
<tr>
<td>Competence Building</td>
<td>Entering new markets with new partners</td>
</tr>
</tbody>
</table>

**Table 3: Empirical highlights of competences of born globals**

The Table 3 above presents an overview of how empirical findings on born global competences are related to theoretical frames used in the research. As discussed in the literature review section, competence based theories are mainly based on large corporations, but our analysis points out that those concepts are also applicable in small international firms.

### 4.3 Born Global Routines

In accordance with the born global nature of the firm, organizational routines are also being established for global operations from the very beginning. Unsurprisingly, such firms do not prefer to put effort in establishing specific routines for the local market. Due to their small size and lack of resources, born global firms are not able to achieve all organizational goals independently. Unlike a large MNC with own subsidiaries abroad, organizational routines of born globals cannot be expected to be established as only firm-specific. Therefore, routines of born globals should be examined through the strategic logic of the firms in their international operations.
As discussed earlier, the born global software companies in our research follow a partnership strategy to reach international markets. As a result, their main activities are coordinated along with their partners. Owner-managers in our research pointed out that they adapt the routines of the partners in order to coordinate their activities, such as delivery time of products. As defined earlier, organizational routines are the way tasks are achieved, and it is revealed that the born global software companies achieve their tasks with cooperation from their partners. Thus, the routines are also established in relation with the partners. Coordination of organizational processes with external actors are in accordance with Teece et al. (1997) who have stated that strategic advantage requires processes which integrate external activities. Besides the coordination and integration roles, those routines with partners play a major role in inter-organizational learning. Established routines with partners from different markets carry information to the firm about the market and the client preferences in that market. In our research we have also identified that such small companies are able to establish flexible routines. As the CEO of Mobizoft stated, all partnerships are different from each other, therefore all partner relations can be defined as “custom built”. Born global companies find themselves in a dynamic environment from early days. As illustrated in the company backgrounds, the companies start reaching diverse markets and seeking for new ones within the first few years. The ability of the company to reconfigure their routines to new conditions is a result of the flexibility of the firm, which is an advantage over large MNCs.

The other significant findings on born global routines include the company language and usage of internet. Induct Software represents a good example in establishing English as their company language from the beginning. This is a key factor in routines of born globals who need to coordinate activities with clients and partners from diverse markets with different languages. CTO of XT Software also pointed out that they take advantage of their website which is prepared in English. Via that website company establishes online sales, which allows them to reach virtually any client with an internet connection. Moreover, the website allows the clients to give feedback and share experiences about the product. As a result company can demonstrate rapid responsiveness to the customer feedback.

<table>
<thead>
<tr>
<th>Theoretical Frames</th>
<th>Empirical Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coordinating role of routines</td>
<td>- Adapting routines of partners to coordinate international activities.</td>
</tr>
<tr>
<td></td>
<td>- Establishing English as company language</td>
</tr>
<tr>
<td>Learning role of routines</td>
<td>Inter-organizational learning with partners</td>
</tr>
<tr>
<td>Reconfiguring role of routines</td>
<td>Establishing flexible routines which are easily transferred to new market conditions</td>
</tr>
</tbody>
</table>

*Table 4: Empirical highlights of routines of born globals*
The most noteworthy characteristic of organizational routines of born globals are their international establishment. The companies in our research reveal that they do not have specific domestic routines to unlearn prior to internationalization. Despite being established in Sweden, COO of Scila pointed out that they never had specific routines for Sweden. In accordance with Knight and Cavusgil (2004), our findings suggest that this is an advantage for the firm to adapt their internal processes for international operations and obtain knowledge from international business right from the start.

As seen on table 4, our empirical findings on the routines of born globals are in accordance with roles of routines within an organization discussed by Teece et al. (1997). Due to the nature of born globals, the firm activities need to be coordinated internationally from the beginning. Therefore it is also remarkable that learning and reconfiguring role of routines show their effect internationally.

### 4.4 Born Global Corporate Governance Structure

Although corporate governance has always been associated with large companies, our research reveals that despite being small in size, born global firms recognize the importance of good corporate governance. The most common characteristics of corporate governance of born global companies we have interviewed include an informal, flexible structure, and board members who have a great expertise in their area. The chairman of Induct Software pointed out that most boards focus on keeping control, but they believe that the board should be more involved in strategic directions and developing the business model with using their expertise. Our findings are in line with Abor and Adjasi (2007), who argued that the board should promote entrepreneurial activities in the firm with right thinking board members. For a born global firm, the “right thinking” members can be interpreted as members who have an international mindset, and bring their international experience in a specific field, such as finance or sales and marketing.

CTO of Mobile Sorcery, who is also a member of the company board, states that the board makes decisions about strategic direction of the company so it needs to be separated from the operational part, which is very difficult. It is a very common picture in born-global firms that due to the small size of the company, managers are also present at the company board. That actually shows that the agency problem (Hart, 1995) do not exist in the company, but on the contrary, all companies we have interviewed have a clear corporate governance structure. Moreover, our research reveals that from early days the companies recognize the importance of a sound corporate governance, with best-fitting members and a clear strategic direction of the firm.
#### Theoretical Frames | Empirical Findings
---|---
Entrepreneurial Corporate Governance | Company board which promotes and maintains entrepreneurial activities in the firm
Inter-organizational Corporate Governance | Boards in relation with partners and other external actors

*Table 5: Empirical highlights of corporate governance structure of born globals*

Due to their small size and lack of resources, the born global companies engage in partnerships, strategic alliances, and also have private investors. As a result, the corporate governance is also structure in a way that it coordinates relationships with other actors. In accordance with Benn and Dunphy (2007), who argued that the contemporary corporate governance structures involve more and more inter-organizational relations, our findings highlight that the company boards are participating in meetings with boards of external actors to discuss future directions of the company. Being successful in such inter-organizational relations requires the establishment of a flexible structure, which the born global companies manage to achieve in early days.

The empirical findings on corporate governance structure are shown on the table 5. The literature on corporate governance structure in small international firms highlights the need for a board which promotes firm’s entrepreneurial activities and increasing need for inter-organizational corporate governance structures. Accordingly, empirical findings on born global firms also suggest that such firms’ board structure is indeed in compliance with entrepreneurial and network oriented formation of the organization.

After analyzing competences, routines, and corporate governance structure of born globals, next section presents a conceptual analysis on how born globals overcome challenges of early internationalization.

### 4.5 Overcoming Born Global Challenges

The research in the area of Born Globals highlighted two significant facts about such companies; being small with insufficient resources and competing successfully in the international arena from early days. The contradiction between these two statements presents a gap, which needs to be filled theoretically to give better insight in understanding the contemporary international business. As illustrated with the literature on born global challenges, various studies named a wide range of challenges those companies face in their operations, but did not provide adequate conceptual justification on how they overcome those challenges and operate successfully against competitors.
As illustrated earlier, the founders and managers of born globals bring distinctive personal competences to the company. These competences include knowledge of global management, experience in diverse markets, access to a large network, and reputability. Therefore personal competences overcome many major challenges such as credibility, lack of market information, limited knowledge on global management, and finding partners to complement resources.

As a result of the young age and small size of the company, partnership strategy is a very common picture for born globals. Partners complement the companies in various ways including global marketing muscles and knowledge on local markets. Our findings suggest that competence alliances with reputable partners help the companies overcome their obstacles in credibility, lack of sufficient resources, lack of market experience, limited knowledge on global marketing, and understanding of business practices in other countries.

Born global companies, who established their routines in English, show that organizational routines, which coordinate international activities of the companies, become an important tool to overcome language barrier in operations. Language becomes an important obstacle for the firms as they choose to enter distinct markets right away. Establishing global web pages also help the company to coordinate their activities easier. Online sales and interactions are becoming more and more popular in the business environment, and our evidences show that companies take advantage of those technologies.

One of the most talked about challenges in the born global literature is the conflicts between the boards of the company and other external actors, such as partners and investors. As highlighted with findings, born globals have various inter-organizational relations during their operations. These relations also include board meetings with different actors. On the other hand, none of the owner-managers stated they recognize conflicts between boards. Their informal and innovation seeking corporate governance structure help them to achieve flexibility which allow the born globals to manage relations with boards of external parties.

Our findings point out that, no matter how distant the market is, born globals feel more confident to enter markets which the management have prior experience in. The same condition is also applicable to partners. On the other hand, targeting a completely new and unfamiliar market is a blind spot for companies, which requires the acquisition of new knowledge and the finding of most suitable partners to operate with. Indeed our research reveals that one of the greatest challenges those companies face is finding the complement the firm competences. As discussed earlier, companies overcome this challenge with competence building activities, which include taking external advice from
trade councils, contacting MNCs from the home base that have knowledge on this market, and attending trade shows to find new actors.

![Diagram](image_url)

**Figure 4:** Conceptual analysis model by authors

After adapting a significant part of the born global research model proposed by Madsen and Servais (1997, p. 581), and extending the theoretical framework, a model of conceptual analysis has been produced. As seen on figure 4, the model provides theoretical insights in understanding how born global companies overcome the challenges of early internationalization, and which concepts are useful in determining sources of performance and competitive advantage in international markets from early days.

5 Discussion and Conclusion

This section includes the discussion and conclusion of the research project. Discussion on Born Globals’ global competitiveness, theoretical and managerial implications, as well as implications for policy-makers, future directions for research, and conclusions are provided.
5.1 Born Globals: How to compete globally from inception

Our research highlights six born global software companies which started operating in diverse markets right after company foundation. As presented in the company backgrounds, companies are small in size and very young at age. Despite the traditional theories in International Business, those firms do not find lack of resources and experience as a crucial constraint to enter distant markets. On the contrary, such firms clearly point out that they have to scale up to be an international player from the beginning if they are to succeed. Therefore it becomes a necessity for those firms to operate globally no matter what.

As discussed earlier, born global firms cover a niche area in the market. It is remarkable that founders of born global firms hold an extensive international experience from large MNCs which are mostly industry leaders in the industry where born globals cover a small niche that large multinationals fails to serve. Not only company founders, but also company executives and managers bring a strong international experience to the organization. Personal experiences and networks which spread around the globe facilitate the company to reach diverse markets from the beginning. The role of multinational corporation experience, which also provides a large global network to the founder, plays an important role in rapid internationalization of the firm.

As a result of the small size and lack of resources, need for complementary competences becomes a very apparent portrait in born global firms. As highlighted by company executives, it is impossible for them to do everything on their own while their strategy is to enter foreign markets as soon as possible. Thus firm competences alone are not sufficient for competing in international markets. At this point, we believe a valuable discussion will be the dynamic capabilities of born global firms. Dynamic Capabilities are defined by Teece et al. (1997, p. 516) as “the firm’s ability to integrate, build, and reconfigure internal and external competences to address rapidly changing environments”. Throughout the findings and analysis section we have presented how born global firms complement necessary competences with competence alliances (partnerships) and how they leverage and build own competences to enter new markets. It has been clearly illustrated in this research that such firms position themselves in rapidly changing environments with a clear integration of internal and external competences. Therefore dynamic capabilities become a very functional perspective in understanding the source of competitive advantage of born global firms. A further discussion is also presented in directions for research.
5.2 Theoretical Implications

This research is conducted as multi-disciplinary, consisting of theories from both International Business and Strategic Management. The remarkable fact in both of those research areas is that the theories have mainly discussed implications on large firms with significant amount of resources. As illustrated throughout the research, the rules of international business are evolving, and there are new players identified besides large multinationals.

Even though this research is conducted with 6 born global software companies, we have come across many other similar companies from various industries which we could not contact due to limitations. Especially in small open economies, born global firms are becoming more and more visible. Therefore the discussion around born global theory should shift from “the existence” to “the advancement”. In accordance with various scholars presenting empirical evidences, we argue that “do such companies exist?” is no longer a subject of discussion. As Knight and Cavusgil (2005, p. 17) pointed out, “born globals are gradually becoming a typical type of international firm.”

Our research reveals that the concepts of competences, routines, and corporate governance structure, which have long been associated with implications on large companies, can also be successfully examined in small companies. From the strategic management point of view, we argue the ways born global type of firms achieve competitiveness in international markets are in parallel with, but theoretically isolated from existing perspectives. Our findings and analysis illustrates that contemporary theories in strategic management such as competence-based theory of competition (Hamel & Heene, 1994) and dynamic capabilities perspective (Teece et al., 1997) can be successfully applied to small companies seeking competitive advantage internationally. This research is also original in discussing implications of corporate governance structure in born global companies. Corporate governance has thought to be nonexistent in small companies, but as our evidences highlight, even in companies as small as less than 10 employees, management ensures the establishment of corporate governance and pay special attention on selection of board members.

Lastly our research has distilled and compiled the existing born global literature to identify the challenges these firms face in their operations. We argue that understanding these challenges is important for every actor engaged in international business especially for managers and policy makers.
5.3 Managerial Implications

Considering the variety of challenges they have to face, managers of existing and future born globals represent a significant target group who will benefit most from research in this area.

Extending the concept of born-globalness, we have identified that many successful examples of born globals actually were “global” before they were “born”. Even during the product development stage, this can be considered as the “infant” stage, managers start generating interest worldwide about their niche product and brand. Thus when the product is ready, and the company was born, there are already interested partners and clients for the product. If the company is to cover a niche in the market, the most important objective should be the first mover in order not to compete with another innovative company or not to be swept by muscles of large multinationals. Therefore managers, founders, or entrepreneurs should start using their existing network to reach potential partners and clients as early as possible.

Managers of born globals in our research pointed out the key points for success as concentrating on the core competence of the firm, focusing on direct needs of customers, establishing a clear business model from the beginning, finding the most competent board members, establish English as the company language, and finding the most fitting partner with local knowledge and experience in markets.

It is important for born global managers to be aware of potential obstacles they will face in their operations. For that reason our research put emphasis on ways of overcoming major challenges of early internationalization and small size. We believe our analysis will be a useful tool for managers of born globals to understand and take precautions for managerial challenges.

5.4 Implications for Policy Makers

The macro level benefits of born global firms for countries have been illustrated in the background of the research. According to Knight and Cavusgil (2005), these benefits include increased level of innovation, job creation, and new sources of national competitive advantage. Therefore policy makers should support the development of such firms and especially tailor their programs to specific needs of born globals.

Particularly for the software companies, the cost of selling the product in other countries is virtually the same as home market, and the distribution is relatively much easier comparing to manufactured products. The managers we interviewed pointed out that it will not be cost efficient for them to operate just locally. Therefore it is not a
matter of choice but an absolute necessity for those companies to operate internationally. As a result the policy makers should recognize the most important concern of such businesses in their operations. Our research reveals that the main challenge of the born global software companies is finding the right partner. Once the company signs the fitting partnership agreement, it can reach virtually any market in the world. Hence we argue that the policy makers in the domestic markets should provide a significant support in getting suitable actors together. As discussed earlier, first mover advantage is very crucial for born global firms, therefore saving time in finding the right partner for the market will provide competitive advantage to the firm.

5.5 Future Directions for Research

Born Global is a very recent phenomenon in international business, and there is not yet a commonly agreed theory upon it. Therefore this topic provides a wide range of research opportunities for scholars.

Firstly, we argue that the definition of a “born global” company and the concept of “born globalness” need to be clarified by research. Hordes et al. (1995, p. 7) highlights the three forms of organizational groups; international, multinational, and global enterprises. According to authors, the truly global enterprises have significant differences than other forms. To illustrate better, we argue that a company established in Sweden and exporting to Norway should not be labeled as “born global”. As the companies in our research demonstrate, true born globals start operating in diverse markets from the beginning. A research based on this topic would provide useful insight in determining true born globals.

Secondly, during our research we have identified that one of the most turbulent areas in born global organization is the establishment of a clear business model. Managers in our research explicitly pointed out the importance of the business model for their company. Thus a valuable research topic becomes the business models in born global companies.

Thirdly, our research has illustrated evidence on existence of corporate governance in born global companies. We suggest that further research in this area, including comparison and advancement of existing corporate governance models with the ones in born globals, will provide valuable new insights in corporate governance literature.

Further research in the area of strategic management is also crucial for development of born globals. Traditional view on strategic management mainly focused on large firms with significant resources (e.g., Porter, 1980). On the other hand, the increasing number of born globals suggests the need for understanding the sources of competitive advantage in small innovative firms. Teece et al. (1997) point out that the need for an
expanded paradigm in understanding competitive advantage is a result of global competition in high technology industries, and the dynamic capabilities approach in achieving competitive advantage is especially relevant in innovation-based competition. Accordingly, we argue that dynamic capabilities approach is a useful tool to understand how such companies adapt, integrate and reconfigure internal and external competences (Teece et al., 1997, p. 515) and, most importantly, upgrade and reconstruct its core capabilities in response to the changing environment to attain and sustain competitive advantage (Wang & Ahmed, 2007, p. 35). Teece et al. (1997) suggest that dynamic capabilities is potentially an integrative approach with a research potential, and can be used to understand newer sources of competitive advantage in increasingly demanding environments. Thus, scholars can provide new insights to strategic management literature by bringing dynamic capabilities approach and born global firms together.

The core competence of corporations by Prahalad & Hamel (1990), provides useful implications on the importance of core competence in MNCs. In our research we have highlighted how small innovative organizations focus on their core competence. We believe a comprehensive research on core competences of born globals will be beneficial.

Lastly, we find it useful to further discuss and develop the theory of the competitive advantage of nations (Porter, 1990) in relation with the emergence of large number of small exporters and born globals in recent decades. Particularly the importance of knowledge and service intensive sectors for countries is becoming a crucial research topic. Such a study would have outstanding implications for the governments and policy makers of the innovation based world.

5.6 Conclusion

Born globals represent an explicit example of international firms with their confidence in aggressive large-scale internationalization despite various organizational drawbacks. These companies prove us that young age, small size, insufficient resources, and lack of experience are not anymore a matter of failure in international markets. On the contrary born globals illustrates how the small size is actually a source of global success. Established in small open economies, the only way of survival for many companies is to go international. Our research revealed that particularly for software companies becoming and international player is inevitable.

Having the global vision at inception, born global software companies implement their strategic direction clearly, and enter diverse markets very early as a result of the partnership strategy they follow. The companies hold a strong core competence which
targets a niche area in the market, but lack many other competences to compete successfully, therefore they do not find it practical and reasonable to pursue all objectives on their own. The partnership strategy allows the companies to complement the competences they lack for international operations. This can be viewed like a jigsaw puzzle, where the born global company holds a piece, but also needs the other pieces to make a complete picture. As long as they find the fitting pieces, born globals feel almost no fear in entering any market in the world. As a result of becoming a born global and need for coordinating activities with distant markets, unlike many other firms, such businesses establish international routines right away instead of local routines. This research is also original in presenting the existence of a clear and sound corporate governance structure in small born global firms.

Our findings explicitly point out that seeking competitive advantage globally is no longer a large corporation issue. As many company executives highlighted, the only way of survival for them is becoming global as soon as possible. The necessity of going international forces such companies to plan their operations internationally as early as during the research and development stages. Therefore it is unacceptable for the contemporary strategic management theories to neglect the existence of such evidences and put all emphasis on large corporations. There are clearly new and unusual types of players now in the international arena, which is enriching the field with original insights.

The existence and importance of multinational corporations for international business is unquestionable, but the growing number of born globals reflects a new paradigm which should not be neglected. The distinct characteristics of such firms improve our understanding of the innovation-based, network-oriented world we are living in. The inescapable advancements in technology and communication, and reaching higher levels of globalization suggest that we will become more and more familiar to born global firms in the future. This research area provides immense new topics to be explored by scholars. Therefore having a grasp of this ongoing trend will provide advantages to all actors engaged in international business.
6 References


7 Appendix

Appendix I

Schedule of conducted interviews

<table>
<thead>
<tr>
<th>Date</th>
<th>Company</th>
<th>Respondent</th>
</tr>
</thead>
</table>
| 06/29/09 | Mobizoft       | Maria Christensen
                | Co-founder & CEO                                                |
| 07/03/09 | Scila          | Mats Wilhelmsson                                                |
                |                | Co-founder & COO                                                 |
| * 07/07/09| Comintell      | Gabriel Anerbjörk                                                |
                |                | Co-founder, Direct Partner Relation, Chairman of the Board       |
| 07/07/09 | Mobile Sorcery | Antony Hartley                                                   |
                |                | Founder & CTO                                                    |
| * 07/15/09| Induct Software| Alf Martin Johansen                                               |
                |                | Co-founder, Chairman of the Board                                 |
| * 07/15/09| XT Software    | Jorgen Aase                                                      |
                |                | Founder & CTO                                                    |

* - phone interviews
Appendix II

Questions for the interview

Section 1: Background

1. In which year did company start international operations?

2. In which countries does company operate?

3. What is the number of employees in company?

4. What is annual turnover of company?

Section 2: Organizational aspects

1. What were the motives behind your decision to operate internationally?

2. What are the main challenges for company in operating internationally (e.g. access to finance, market information, lack of sufficient resources, lack of experience etc.)?

3. To what extent do you receive external support to overcome problems of international business?

4. Are internal processes/routines established in a way to perform better in the international markets? Did you change internal processes after entering new markets?

5. How did you transfer your personal traits/experiences to whole organization?

6. How do the existing competences/resources of the company help to compete internationally? Did company acquire new competences during international operations?

7. Does company engage in networks/alliances to compliment new competences/resources?

8. How does the structure of the board help company to achieve its international goals?