“Born Global firms from emerging economies: Investigating their success factors in international markets”

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Abstract

Over the last two decades, the Born Global phenomenon has grown into a fascinating field of internationalization studies. Several perspectives have been studied to enrich this rather new area of business research, however little has been studied in context of the types of economies from where these firms emerge. More especially, insufficient amounts of literature cover the Born Global phenomenon from the emerging market context.

Therefore, the purpose of this thesis is to gain a deeper understanding of this phenomenon from the emerging market context by investigating the factors that influence these born global firms to succeed in their international markets.

We conducted a case study of two companies one from Mexico and another from Ghana. We adopted a qualitative approach for the literature review, data collection and analysis during the course of the study. We also utilized theoretical concepts to build a conceptualized framework to guide our study. Both primary and secondary data sources were used in this research.

Our study revealed five main factors that influence born global firms from emerging economies to succeed in the international scene. These factors are both internal and external and are as follows; strategic management of the firm, networks, product differentiation, technology and markets. We found that the significance of each of the factors’ influence on the companies was specific to type of industry and product/service offering.

Keywords: Born Global, Emerging Economies, Success factors, internationalization
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1 Introduction

1.1 Born Global firms

Over the years, there has been mounting attention towards the ‘Born Global’ concept. Earlier research showed that this concept developed as an alternative description of firms that leap-frog the traditional internationalization process, by expanding into Global trade within the first three years of the firm’s conception (Knight & Cavusgil, 1996). This concept was first introduced in an astounding report by Australian McKinsey and Co. (1993), which challenged the traditional internationalization process. The report which focused on ‘emerging exporters’ aroused further research leading to the introduction of similar concepts such as ‘International New Venture’ (Oviatt & Mc Dougall, 1994, 1997; Zahra et. al, 2000) ; ‘Leapfrogging’ (Hedlund & Kverneland, 1985); International Entrepreneurs (Jones, 1999). It is not surprising that as the phenomenon took on great concern numerous business research fields, Madsen and Servais (1997) were led to conclude that, “it must be expected that the phenomenon of BornGlobals will become more widespread in future”

Empirical studies from the last 15-20 years show that the export behavior of firms has greatly challenged the traditional internationalization literature (Rasmussen & Madsen, 2002). These recent studies show that many firms have abandoned the incremental phases linked to internationalization strategy. Rather these firms have however adopted internationalization activities right from their conception, entering multiple markets, and growing a significant amount of revenues from their trade outside home market. This confirms earlier findings by re-known researchers such as; Oviatt and McDougall (1994), McKinsey and Co. (1993), Knight and Cavusgil (1996).

The success of Born Global firms could be attributed to a number of factors, among which include but are not limited to; uniqueness (market niche), technology development, communication breakthroughs, Global networking and alliances et cetera (Moen, 2002). In addition, the entrepreneur is singled out as the most influential actor within any Globalization
initiative, with the important role in transferring knowledge, skills, values et cetera (Andersson, 2000).

1.2 Emerging economies

Over the years, numerous internationalization theories have based on stable economic structures that characterize ‘developed’ countries. This however challenges conventional thinking that may seek to research into emerging economies that are characterized by relatively unstable economic structures and yet have high growth returns. According to Hoskisson, Eden, Lau and Wright (2000), emerging economies are conceptualized as those countries that have started economic liberalization and implemented free-market principles such as increased transparency, privatization, deregulation et cetera, in order to advance their global competitiveness. Such countries are mostly found in the continents of Asia, East Europe, Latin America and Africa. Wright, Filatotchev, Hoskisson and Peng (2005) offered four strategic perspectives for firms in emerging economies namely; (i) firms from developed economies willing to enter emerging economies; (ii) domestic firms competing within emerging economies; (iii) firms from emerging economies entering other emerging economies; (iv) firms from emerging economies entering developed economies. As stated earlier, emerging economies display characteristics such as; a large population, large markets, significant resources bases and geographical advantages to facilitate high growth (Hoskisson et al., 2000). Notwithstanding these advantageous characteristics, majority of these emerging economies are faced with instability in both political and economic framework, weak and underdeveloped institutional infrastructures such as legal systems, trade policies and drastic changes in the effort to integrate with Global markets.

For a long time, most developed countries looked at emerging economies as sources of cheap raw materials and labor rather than ‘markets’ for their products. Developed countries erroneously adopted a ‘Less Developed’ mindset, thinking that these countries are on the same path that they were on hundreds of years ago, Arnold and Quelch (1998). The trends however are indeed fast changing. Two major developments of the global marketing environment have enhanced emerging markets’ attractiveness. First, an identifiable target market has emerged due to the early stages of economic development that raises disposable income levels and subsequent
emergence of middle income groups. Increasing exposure to international media influences product awareness and perception by these income groups. Secondly, Technological breakthroughs, such as the internet has made it possible for emerging markets to leapfrog, thus increasing efficiency and saving time on what took developed markets forever to invent (Arnold & Quelch, 1998). These new trends however have not been widely documented in prevailing academic research literature concerning these markets.

With the amount of attention the Born Global phenomenon has attracted over the years, it is rather surprising that little has been documented concerning this breed of firms from emerging markets. Most if not all of the Born Global literature is based on ‘developed’ countries contexts even though firms are bound to emerge from any markets that are open to globalization trade (Wright et al., 2005). It would therefore be interesting to investigate these types of firms within the emerging market context. Furthermore, given the seemingly ‘unstable’ characteristics of emerging markets environments such as market irregularities, underdeveloped infrastructures et cetera, Born Globals from emerging markets face a unique challenge of overcoming barriers which are often fueled by prejudices about their home markets as put forward by Wood et al. (2011). Moreover, the fact that these barriers exist does not necessarily deter these Born Globals from pursuing their ambitions to enter international markets.

Owing to the limited nature of the current literature on Born Globals from emerging economies, contribution to this field of research is essential for enriching the scope of this phenomenon. There are several aspects that could be further developed in order to bridge the current gaps in this Born Globals context such as; the choice of markets, success factors, choice of industry, strategies adopted, the challenges and opportunities et cetera. We however found that factors influencing their success to be a rather intriguing topic. Studying the factors influencing these firms’ success provides a wholistic view on how these firms seize opportunities in the markets, how they organize and coordinate their resources to efficiently meet their international customers’ needs. It is therefore interesting to investigate these factors using firms from different industries targeting different markets.
Having briefly outlined the theoretical implications, we would like to bridge the gap in literature within the field of Born Globals from the emerging markets context with the following purpose.

1.3 Purpose

The purpose of this study is to investigate and gain a deeper understanding of the factors influencing the successful operations of Born Global firms from an emerging economy context. The emerging market perspectives of the born global firm’s success factors has not been well researched on given the current literature on the subject. Therefore our study will seek to explore the factors that influence their success in the global scene and further contribute to current literature surrounding this subject. Our study will take into consideration both internal and external success factors.

1.4 Research Question

The research question for our study is as follows;

*What are the factors influencing Born Global firms from emerging economies to successfully internationalize?*

1.5 Delimitations

Delimitations can be defined as factors that affect significantly the results of the study but those factors can be controlled by the researchers or at least have a degree of control over them. Delimitations can establish the parameters or limits of the study (Yin, 2009). As mentioned before, our study targets Born Global firms in emerging economies, is therefore limited to emerging economies. However, due to limited time and resources, this study will only focus on two study cases from two different emerging markets; Ghana and Mexico. According to the previous literature made on the born global phenomena, it has not been stated that different types
of industries can make a considerable change in the Born Globals behavior therefore this study will not take into consideration the industry of the firms used for the research.

1.6 Organization of the Study

The study will be divided in seven chapters. The first one is introduction, where we give a general background of the thesis theme, a brief discussion of the problem we will undertake, the purpose of the study, research question which will guide the study, and limitations and delimitations of the study. The second chapter is literature review, where we are providing the already existing information given by other researches of Born Globals. The third is the theoretical framework that this study will be using as a base for the further analysis. The methodology chapter will show how our study will be conducted. The empirical data chapter will give the reader the information gathered from our study cases individually. In the analysis chapter we intend to analyze the empirical data according to our theoretical framework, where theory will be tested, compared and contrast. In the conclusion chapter the results from our study will be presented and lastly the recommendations and further research will present research areas for further studies.


2 LITERATURE REVIEW

In this chapter, the case of emerging economies literature will be conveniently linked to born global firms. The major factors that influence that drive the establishment, management and success of these firms in the global scene will be tackled.

2.1 Definitions

2.1.1 Born Globals

As Knight and Cavusgil (2005) point out, there is a recent emergence of a uniquely characterized breed of international firms whose origins and basic orientations are international and seek to gain competitiveness through the establishing significant foreign sales. Increases in efficiency due to advancement in information, production and communication technologies have reduced costs efficiently thus making it possible for firms to internationalize rapidly (Knight & Cavusgil, 2005).

There are several definitions attributed to similar concepts related to the rapid internationalization of firms. “International New Ventures” was defined by Oviatt and McDougall (1997), as a business organization that seeks to achieve competitive advantages from the use of resources and sales in multiple countries. McKinsey & Co.(1993 p.4) define Born Globals as “firms that view the world as their marketplace from the outset and see the domestic market as a support for their international business”. Ingemar (2006, p.5) defines a born global company as “A company that has achieved a foreign sales volume of at least 25% within three years of its inception and that seeks to derive significant competitive advantage from the use of resources and the sales of outputs in multiple countries”.

However, for the purposes of this study, we adopt the definition as, “A Born Global firm is a company that views the world as its marketplace and achieves significant levels of foreign sales within early stages of its inception through the use of resources and sale of outputs in multiple countries.”
2.1.2 Emerging economies

There is no commonly accepted definition of ‘Emerging Economies’ but there are however key aspects of a country’s economy that are to be considered for an appropriate definitions. According to Arnold and Quelch (1998), the first aspect is the absolute level of economic development, usually indicated by the average GDP per capita. Sometimes it’s regarded as the balance between agrarian and industrial/commercial activity. This aspect overlaps with the older categorizations of ‘Less Developed Countries or ‘Third World Countries’. Secondly, the relative pace of economic development determined by the growth rate of GDP of a country is another aspect to consider. Moreover, growth rates that are attractive to the investor are what are regarded in this context. The third aspect is the system of governance of the market and the degree of stability of free-market systems. However, it is worth noting that many economies are in transition from especially ‘command economies’. Hence, they are also sometimes referred to as transitional economies. A suitable definition would therefore be one that encompasses all the above three aspects.

However, for purposes of this study we adopt Hoskisson (2000)’s definition, “Emerging Economies are low-income, rapid-growth countries using economic liberalization as their primary engine for growth”.

2.2 Born Global Perspectives

2.2.1 Strategic commitment

Not all new ventures that internationalize have intent at the beginning and not all firms which are strategically committed to internationalize early act on that commitment. Some enter opportunistically or reactively in response to customer needs (Piercy, 1981). Some new venture firms cannot internationalize successfully due to challenges of creating an international presence without having one domestically (Park & Bae, 2004). Firms with high levels of managerial and technical knowledge as well as higher international market orientation stand a greater chance of
internationalizing earlier than those with serendipitous late international market orientations (Wood, Khavul, Perez, Prakhya, Dabrowski & Zheng, 2011). Despite these hurdles, these early internationalizing firms do so expecting to obtain high international sales.

One of the major challenges that new ventures from emerging economies face is the issue of legitimacy Wood et al (2011). Legitimacy issues spring from the fact that these firms are not known by the markets and neither have they established a proven conformity to the industry norms, beliefs and values (Suchman, 2002). To further explain the legitimacy concerns faced by Born Globals from emerging markets, Wood et al (2011) offers two categories of the term as the liability of newness and liability of foreignness. He claims that liability of newness arises from the need for these new firms to learn their new roles as social actors while at the same time coordinate with their employees and compete favorably with already established firms. And that the liability of foreignness arises from information asymmetries, transaction costs, decision making from the head office and local biases such as the local laws, language, psychic distance (Zaheer, 1995). Born Global firms that can overcome these liabilities will inevitably increase their legitimacy on the international scene. Little has been said as whether these emerging markets have fully overcome these barriers to succeed internationally.

2.2.2 Organizational Entrainment

Born Globals experience one of the most challenging tasks of synchronizing the new firm’s activities with activities of its international customers. This synchronization also known as organizational entrainment reveals a fit that enhances the performance between the firm and its environment (Ancona and Chong, 1996). Customers in developed markets tend to exhibit higher expectations compared to those from emerging markets (Khavul, Perez-Nordtvedt & Wood, 2010). Despite these expectations, the presence of weak infrastructures and market irregularities in emerging markets present major hiccups in the predictability and the reliability of on-time delivery of goods and services (World Bank, 1994). Moreover, the clock-time business norms and general cultural dispositions towards the value of timeliness are still slowly diffusing and hence, pose a major challenge (Landes, 1983 cited in Khavul et al., 2010). Due to these unique situations, there is bound to be negotiation around delivery timeliness and business culture in emerging markets, which is not the case in developed markets (Khavul et al., 2010). Given these
arguments for entrainment, the authors are not clear whether or not born global firms from emerging economies are able to overcome these hurdles, and how they do it to successfully serve their international customers.

### 2.2.3 Resource-based View

The resource-base view conceptualizes the firm as a bundle of resources. These resources and the way they are used or combined are what give the firms competitive advantage (Hamel & Prahalad, 1994). According to Wernerfelt (1984, p.172) resources can be defined as “those tangible and intangible assets which are tied semi-permanently to the firm”. Hamel and Prahalad (1994) pointed out that the real uniqueness of a company is the use of their resources and their combination. However, not all the resources have the same importance for the business strategy. Some resources can be seen as key factors for the firms’ success. Barney (1991) identified four characteristics of the resources to be strategically important which are; valuable, rare, inimitable and non substitutable. This attributes ensure the uniqueness of the resource and may guarantee a competitive advantage if it is used properly.

Most of the born global firms have a lack of resources, including financial, human and other physical tangible assets such as machinery, equipment, properties, et cetera. According to Knight, et al. (2004) the lack of traditional tangible resources in Born Globals is one of the key success factors of these firms. Knight (2004), discussed that due to the lack of resources, Born Globals are forced to leverage other intangible resources. These intangible resources are more related to the strategies, marketing orientations, skills, know-how and previous experiences.

The resource-base view explains the relationship between the resources, capabilities and competitive advantages of a firm (Hart, 1995). According to Hart, the resources must support the capabilities that are creating the competitive advantage, if not competitors can easily imitate the firms’ resources and business strategy. Capabilities are considered the outcome of a bundle of resources that create an added value to the product, process or strategy. The capabilities of a firm are what create a competitive advantage towards competitors. Hitt, Ireland and Hoskisson (2010), state that capabilities can be found in the unique skills and knowledge of the firm’s employees and founders. As well as the resources should have certain characteristics in order to
be strategically important, capabilities also have to fulfill four characteristics to be considered significant for the firms’ competitive advantage. Capabilities must be valuable, rare, costly-to-intimate and not substitutable. If the capabilities meet these four characteristics, they can be defined as core competences. According to Hitt et al (2010, p.80) core competences are described as “capabilities that serve as a source of competitive advantage for a firm over its rivals”.

2.3 Born Globals Orientations and Strategies

2.3.1 Born Global Strategies

In launching new operations Born Global firms often face the challenge of executing their strategies to achieve success (Gabrielsson, 2005). The pressures to i) start operations before or simultaneously alongside domestic operations ii) plan their systems, structures, product offerings, finances on an international basis iii) to formulate visions and goals based on international markets and customers at the point of inception iv) improve on already existing global strategies while v) striking out to grow rapidly can be a tremendous burden on management of the Born Global firm (Luostarinen & Gabrielsson, 2004). Strategic management of the business is therefore essential in launching and sustaining competitiveness of the firm.

To further develop this subject, the marketing strategies used by Born Global firms have been argued to be different from traditional internationalizing firms. Loustarien and Gabrielsson, (2004) offer that the high pressure faced by Born Globals to develop their global brand from inception justifies their differentiation in marketing strategy. As Knight (1997) argues, Born Globals often face limited resources to invest in extensive marketing and brand building. This therefore calls for Born Globals to differentiate through their product innovation, by identifying the core essence of the brand that influences the customers to perceive it as unique, relevant and whose value can be sustained. To further expand on the strategic nature of Born Global firms, an area of concern would be the financial strategies adopted. Venture capitalists and other investors tend to look for founders or managers with a global vision, international experiences and international partners (McDougall, 1994). More often than not, Born Globals are perceived by
venture capitalists as high risk operations that justifies high returns to their investments (Gabrielsson et al., 2004). Born Globals that receive external funding will commit more resources and inevitably grow faster than conventional firms (McDougall, 1994). This however increases the pressures for the founders and various stakeholders to rapidly globalize and consequently increases the risk of survival.

Given the theoretical arguments presented by the various authors it is not stated what the case would be for emerging economy Born Globals that whose home markets are already characterized by low-incomes despite the rapid growth and tremendous opportunities. Despite the common notion that Born Globals face constrained resources, there may be varying approaches adopted by firms from emerging economies compared to those from developed economies.

2.3.2 Business Networks

Empirical studies have pointed out the importance of networks in the business’ growth and development. For born global firms, networks play an important role and can be considered as one of the most strategically important factors. Networks can be divided into several fields however; we will only consider business networks due to our study approach. According to Holm et al. (1996), a business network can be defined as "A set of two or more connected business relationships, in which each exchange relation is between business firms that are conceptualized as collective actors". Business networks usually starts with interpersonal contacts (Aldrich & Zimmer, 1986). The business networks provide the firms with social support and supply of resources needed by the business, and strategic capacity to learn and organize for new activities (Johannisson, 1995). Moreover, Astley (1984) says that business networks allow a group of firms to pursue a collective strategy that will give them higher performance. Business networks can be divided into trade networks and knowledge networks. Trade networks are those that involve the supply chain, like producers and the users of the traded goods. Knowledge networks are focused on the flow of information and the exchange of knowledge across the firms (Gelsing, 1992). Holm et al. (1996) agrees with this and mean that business network can also be
conceived as a set of connected business relationships along the value chain, where the firms take advantages through information and processes exchange (Holm et al., 1996).

Lundvall (1988) states that firms are able to enhance their technological capabilities by learning from customers, suppliers, interacting with other firms, searching for new technologies and by taking advantage of spillovers from other industries. Taken together, these sources provide the know-why, know-how, know-who, know-when and know-what necessary for success (Johannisson, 1991). Cobb (1997) states, that the main characteristic of business networks is the relationship of collaboration among organizations. Within the network, members must rely on each other and the relationships must be long-term oriented. The author also points out the importance of flexibility among business networks, flexible networks works better when the organization and activities are flexible.

Due to the need of extensive information, resources and knowledge of international markets, the use of networks can increase the probability of a firm to success in international markets (Zhao & Aram, 1995). These networks provide mutual support and allow firms to combine resources and knowledge to enter and successfully operate in international markets.

2.3.3 Technology leapfrogging

Many sources agree that generic business strategy is associated with the establishment of competence building through the development of “strategic focus” and/or “strategic architecture” (Li-Hua, 2008) Through learning, managers and their firms acquire new knowledge of what may be hidden in the ‘black box’, such as capacities through which inputs are transformed into economically and competitive resources that add value to their products, thus fostering national growth and development (Hobday, 1995)

It is therefore crucial that companies ensure that their technology strategy meets their business strategy without which the achievement of success may be farfetched (Li Hua, 2008). Success in business is achieved in organizations whose senior management is committed to continuously upgrading their technology strengths through innovations, while realizing their business strategic goals.
In emerging economies the game may play out differently given the wide range of risks associated to their business environment. The use of technology may therefore not go through the same processes that the ‘developed economies’ had to go through. This leap in the adoption of more tech-savvy skills gives birth to the concept of ‘Leapfrogging’. Leapfrogging is referred to as a situation when latecomers advance more rapidly in a non-continuous way while aiming to catch-up and may sometimes skip some phases of the advancement process. The term ‘technological leapfrogging’ was offered by Socete (1985), after analyzing the technology-economy paradigm in various emerging economies (or industrializing economies).

This trend has continued to intrigue a vast range of industrializing economies today. Socete (1985, 1989) argues that, through relentless imitation and innovation, latecomers can realize their leapfrog in technology. As emphasized further, Sharif (1999), countries whose economies are battling underdevelopment could aim at adopting technological leapfrogging in order to integrate into the world economy. They could learn some valuable lessons from ‘developed’ countries, incorporate self-innovation and foreign advanced technology, jump over some stages of the development, directly implement and develop new technology and products, thus gaining superior competitive positions and capacities. Technological leapfrogging would therefore require self-innovation, the realization of innovation and acquisition of intellectual property rights (Yuan, 2002 cited in Li-Hua, 2008). It is in this regard that technology-driven or innovation driven industries face tremendous opportunities and would therefore pause as a possible factor to facilitate success of the born global firm.

### 2.4 The Gap

The in-depth review of prevailing literature on this subject clearly shows several gaps in the area of emerging economies. We note that despite the findings of several authors, little has been put into context of the types of markets under study. To study the born global phenomenon in different contexts such as the market structures would have provided a more reliable review, however, as mentioned earlier, this has not been the case. However, some factors for developed markets have been identified such as; Management commitment, organizational entrainment,
technology leapfrogging, business networks, market orientations, product differentiation et cetera. Given the difference in market perspectives, it is therefore important that a study be conducted to investigate these success factors from an emerging economies context. Studying these success factors will provide an important addition to born global literature for emerging economies.
3 Conceptualized Theoretical Framework

After carrying out an in-depth review in the field of born global firms, based on available information by several researchers, we suggest a model that explains which are the most important factors influencing a successful early internationalization of born global firms from emerging economies (figure 1). Before we proceed, it is important to clarify that the factors selected for this model, are not the only ones that lead Born Globals to succeed. As mentioned in the literature review, there are several perspectives from which born global firms can be analyzed and according to them, different factors should be taken into consideration. For our model (figure 1), we have selected the factors we consider to have a relatively high positive influence on the early internationalization of born global firms from emerging economies. The five factors highlighted in the model (figure 1) are; strategic management, technology, markets, product differentiation and networks. We regard these variables as the main success factors for Born Globals from emerging economies; we consider them to influence this type of firms in a unique way that facilitate and enables Born Globals to achieve a successful early internationalization. The reason why each factor was chosen and the influence of them in conducting international business at or near the firm's inception will be further explained in the following paragraphs.
3.1 Strategic Management

The decision to become a born global firm is clearly a strategic one (McDougall & Oviatt, 1996). As further argued by Jantunen et al (2008), the strategic orientation of born global firms’ management takes three forms namely; entrepreneurial, learning and international growth orientations, of which the most significant is the entrepreneurial orientations. The authors propose that this involves aggregate measures that influence the firm’s level of innovativeness, pro-activeness and consequently, risk-taking. They further explain that innovativeness encompasses a firm’s willingness to embark upon improving the strength of R&D, the support of new ideas and sustain changes in practice (Jantunen et al., 2008). While the risk taking aspect of the entrepreneurial orientations is associated with the willingness to invest in projects that entail uncertain outcomes and consequently either high profits or losses. These are thus carried out in a
proactive manner, while seizing the opportunities when they are still available. Learning and international growth orientations are further related to the entrepreneurial drive, vision, strategies.

Born Global firms’ strategic management is therefore more concerned about combining the resources (financial, human capital, physical) from different national markets utilizing the competences they may have developed from previous experiences. As it is with the case of Born Globals, the pressure to manage a multicultural workforce, coordinate resources located in different countries while targeting customers in several geographical markets pose a heavy task for management (Madsen & Servais, 1997). Moreover to fully understand how Born Globals in emerging economies proceed about their internationalization, Madsen & Servais (1997) propose that the background of the decision makers has to be examined. They further argue that factors like the education, experience from living abroad, and international oriented job placing may have influenced them, thus reducing the psychic distances to specific markets significantly. This internationally exposed background is argued to open their (management) minds to seeing national borders as markets waiting to be explored rather than seeing them as obstacles. As Wood et al (2011) propose Born Global firms from emerging markets deliberately align their internal strategies and operations with the international environment at an early stage increases perceived legitimacy and reduce reputational challenges associated with their market origins.

3.2 Technology

According to Madsen & Servais (1997), changes in market characteristics cited as one of the core drivers of the born global process, have not emerged on their own but rather due to various changes such as in technology. Technology changes have given rise to new possibilities in niche product offerings, communication reliability and transportation accessibility which has consequently made world markets much more accessible at low costs. However, technology-based Born Globals from emerging economies face the universal challenge of managing the accelerated rate of technology development. Badawy (2009) propose that lagging economies can be helped by providing opportunities to increase their self reliance, through the mastery of utilizing technological capabilities and their implementation. Born Globals therefore have to
overcome this challenge by adopting innovative strategic solutions to transfer, implement, modify and utilize technology (Badawy, 2009).

The concept of ‘leapfrogging’ technology is one that has for a long time been used in relation to advancement of emerging economies. A special definition of the term in relation to telecommunications literature, views leapfrogging as a means to help developing countries skip over stages of development and become part of the post-industrial society. Moreover, leapfrogging is viewed as an engine of growth whereby telecommunications helps emerging economies accelerate their pace of development (Singh, 1999). The leapfrog also implies that lagged economies skipped old modes of technology. Wright (2004) states that, “Africa was the first region in the world where mobile phones overtook the number of fixed-line telephones” Wright (2004). This however, does not imply that these economies surpass developed ones but rather that they ‘catch up’ with the new technological trends prevailing in already developed countries. It also implies technology prowess as well driven innovations will position a born global firm towards leadership edge within the industry it operates in (Knight & Cavusgil, 2005).

### 3.3 Market Orientation

As earlier proposed by Madsen & Servais (1997), market characteristics are prerequisite for the Born Global success. New possibilities in the markets such as in communication reliability, in access to efficient transport systems, innovative niche products etc, have made it more possible for Born Globals to launch into the international scene at a more successful pace. This is not an exception to emerging markets, which are transitioning into an industrial phase and yet still hold pre-industrial characteristics (Arnold & Quelch, 1998). Furthermore, the increasing levels of disposable income and emergence of middle income groups has led to a growing exposure to international influences through a multitude of media channels. These influences further shape the perceived product awareness and create new needs in these income groups. Arnold and Quelch (1998), further argue that technology breakthroughs such as internet, digital systems, telecommunications et cetera have largely attributed the emerging markets’ characteristics. The shift in perceptions from ‘sources of cheap raw materials’ to ‘potential new market possibilities’ has increased the presence of multinational companies that in one way or another have
contributed to shaping these markets. Madsen and Servais (1997) further offer that these changes have increased the human resources skills that have made the exploitation of these opportunities possible. The consumers targeted in these markets need to be prepared for the product offered by the Born Global firms.

Khavul et al. (2010) further argue that entraining with international customers represents a challenging issue for Born Globals from emerging markets. The central case with organizational entrainment is that organizations whose activities are aligned with that of their external markets or who set their pace to match that of their international markets will perform better than those that fail to do so (Khavul et al., 2010). It therefore is inevitable that Born Globals that seek to succeed in the international scene prepare to position themselves in a more proactive manner. Furthermore, the fact that Born Globals are often serving niche markets, the need to efficiently understand and address customer needs is crucial. This is even more important because of their often small size and newness in the marketplace (Knight & Cavusgil, 2004). Emerging markets Born Globals are even more inclined to work towards attaining international efficiency levels against their more developed competitors. In these situations, innovativeness comes into play for such Born Globals. The need to innovate processes, products, materials, service delivery etc, has to be at the heart of these firms.

3.4 Product Differentiation

The product offering from born global firms is critical factor to the success of this type of companies. Born Globals are willing to compete on international markets, where due to the globalization, competition is rough. For this reason, besides the international and management strategies, Born Globals focus on their product offering. Born Globals are often related with the development of new product or services Cavusgil and Knight (2009). Porter (1980) mentions that born global firms tend to emphasize differentiation strategy, which implies offering improved, different, distinctive, or innovating products. One of the most frequent strategies for Born Globals, has been targeting relatively unique products to niche markets that may be too small to interest large firms. Born Globals find huge opportunities in niche markets, where other companies due to production problems may not satisfy a special need (Cavusgil & Knight,
2009). Born Globals have the possibility to produce special products and reach niche markets in different countries and gain acceptance worldwide. According to Cavusgil and Knight (2009) Born Globals, these companies are usually leaders with technological edge of their industry or product category; therefore they do not commonly operate in commodity markets.

According to previous research, born global firms emerged initially as product-process based firms that afterward emerge to internationalization based on the strength of a product, it can be innovative, unique or with higher quality than those found in the actual market. Furthermore, Cavusgil and Knight (2009) point out that early internationalization may be associated with a significant product breakthrough or innovation, where products may feature advanced technology, substantial added value, superior quality, or unique characteristics.

As mentioned above, born global firms tend to make emphasize on a differentiation strategy, this strategy may be appropriate for Born Globals because their resources are relatively specialized and they typically target niche markets. Moreover, when using differentiation strategy, the company has the opportunity to get closer to the final customer by satisfying a particular need, this stimulates their loyalty and brand awareness, a repurchasing behaviors. People and firms increasingly demand specialized and customized products, and niche markets have become an important source of opportunities for small firms (Cavusgil & Knight, 2009).

3.5 Networks

The importance of networks, especially international networks have been shown in many previous studies. Several scholars have applied the network view of international business to explain born global firms. For example, Sharma and Blomstermo (2003) proposed that models that emphasize knowledge and networks are particularly appropriate for theory development on the internationalization of Born Globals. The authors showed that Born Globals tend to acquire international market knowledge before their first foreign market entry. Moreover, Oviatt and McDougall (1995) cited, new firms are highly dependent on their relationships with suppliers, customers as well as with other personal networks. The early internationalization process of Born Globals may be facilitated through network linkages with foreign distributors, trading
companies, strategic alliance partners, as well as more traditional buyers and sellers and other entities located abroad (Cavusgil & Knight, 2009). The same authors pointed out that having an overall global network relationship with the foreign market is another internationalization trigger. Furthermore, dynamic networking and constantly updated network enable Born Globals to minimize risks associated with international market entry decisions (Mort & Weerawardena 2006, quoted in Cavusgil & Knight 2009). For this reason, building and maintaining network relationships is critical to the internationalization process. Network relationships can be helpful to the discovery of opportunities, gathering of new information to diminish risks and uncertainty inherent to international markets (E.g. Selnes & Sallis, 2003). Johannisson (1994b) also addressed the importance of networks for firms in their internationalization process by stating that local networks in the new market can make distinctively difference on whether the company will success or not (Johannisson, 1994b).

Since many scholars highlight the critical role played by network relationships in born global internationalization, we consider networks as an important factor that influence Born Globals from emerging economies for their successful performance in foreign markets. However, it is important to mention that not only the international networks are important for the internationalization of the firms. Global networks by their own will not necessarily lead to a success international market entry, there are more factors that will influence on the success of firms entering new markets, that is why our model suggest a combination of factors that will strongly influence on the success of new firms in their early internationalization.
4 Methodology

_In this chapter we write about the methods on which our thesis is based. The chapter mentions the method used and the role and description of the process; the research approaches used, that collection of data, the analysis of the data, the theoretical perspective to be able to evaluate the quality of the research and the validity of the study._

4.1 Research approach

According to Bryman and Bell (2007) in a research study, data can be collected in order to test theories or it could be use to build new theories. There are two main different types of research approaches; deductive and inductive (Bryman & Bell, 2007). However, other authors such as Patel and Davidsson (2003), also consider the approach abductive important as well because it is a combination between deductive and inductive, which can be described as the process of switching between the theoretical and empirical framework, provisional theoretical frameworks can be applied when during the research process more insights have been gained. This approach is more flexible and can be constantly adjusted. As Hyde (2000) mentions, sometimes it is not easy to separate both approaches in some studies because they can be used simultaneously through the research process. The research approaches can be seen as the relationship between theory and the actual research (Bryman & Bell, 2007).

The inductive approach is the way of doing a research where the theory will be the result of the research; this approach goes from the empirical data to the development of new theories or improvements on the existing ones. Induction has been mentioned as the “road of discovery” where from empirical data will build new models and/or discover new theories and the conclusions are based on own observations and experiences. On the other hand the deductive approach will use theory as a guide or will be used to test it. The deductive approach will use the existing theories and models to implement them and test them on empirical data. According to Bryman and Bell (2007), the deductive approach is characterized by a linear process.

For the fulfillment of the purpose of the study, this thesis will be guided through already existing theory on the topic chosen, its application to different situations and analysis of the varying
behaviors in different contexts. The research approach tendency pursued in this paper is a deductive approach. Based on the literature review, a conceptual framework was developed. This framework consists of highlighting five possible influencing success factors for Born Globals from emerging economies; this framework is analyzed with empirical findings in order to answer our research question and the purpose of the study.

4.2 Research Method

According to Bryman & Bell (2007) there are two methods in social research, quantitative and qualitative. Both research methods have as a purpose the collection of empirical data that will be used. The quantitative method utilizes many respondents and uses figures and quantities to describe the reality. The quantitative method emphasizes on the quantification in the gathering and analysis of data and that entails a deductive approach and embodies a view of social reality. The qualitative method makes use of text in writing and is more interpretive in its nature. Moreover, the qualitative method is usually limited to a fewer number of respondents but with greater scope and depth on the subject.

The qualitative research can be seen as a research strategy with emphasis in words and in the analysis of the data. The qualitative method gives the researcher more flexibility when gathering the data, which as mentioned before is characterized mainly by interviews, observations, and documents. Due to the openness of a qualitative approach, the method gives to the researcher the possibility to get closer to the interviewee (Bryman & Bell, 2007). There are different methods of collecting qualitative data. According to Patton (2002) the three main methods for collecting accurate qualitative data are: interviews, observation, and documents. Interviews are open questions with the aim of getting depth responses about experiences, perceptions, opinions, and knowledge. Observation is the description of activities, actions, and behaviors among other observable human actions. Documents refer to written materials that can be found within the organization, surveys, or official publications. Axinn (2006) adds two more methods for the gathering of data for qualitative studies, which are surveys and focus groups.

For the achievement of the purpose of this study, the research method used in the research is the qualitative. By using a qualitative approach we can provide rich data and go depth in the
research topic by focusing on understanding the phenomena of a theory applied in a specific case through semi structured interviews. Furthermore, this method will give higher flexibility in conducting data gathering, research analysis and interpretation of the information gathered. As some authors have mentioned, qualitative method allows making the research in a holistic view.

4.3 Case Study

We considered that case studies are the most appropriate way to enhance a rich and deep study of the explanation to rapid internationalization of small and medium organizations in emerging economies. This approach is the most appropriate for capturing the complexity of born global firms concept, where literature found is based on relatively stable economies.

The research is done through a multiple case study, which is composed by individual case studies and a cross-case chapter, where both case studies will be compared. One of the advantages of using multiple case studies is that the evidence collected can be considered more compelling and therefore more robust (Herriott and Firestone, 1983, quoted in Yin, 2009). Another major strength of case study data collection is the opportunity to use many different sources of evidence.

Yin (2009) addresses that there are several formats that should be use when writing multiple-case study reports, our research will be using the multiple-case version which contain multiple narratives, covering each of the cases individually. The empirical data from the single cases will be presented in separate sections. According to Yin (2009), the chapters or sections of the report are required to have a compositional structure. Additionally, Yin (2009) points out the six more used types of compositional structures for case studies. Due to the fact that the purpose of our study is explanatory and exploratory, we will be using the theory-building structure. With this approach, the chapters of the individual and multiple cases follow the theory building logic. On the explanatory, it will be examined and in the exploratory the debate of further research will come out.
4.4 Data Collection

The collection of data can be divided into primary and secondary data. Primary data is the information gathered by the researcher such as semi/structured interviews and observations. The secondary data is the one that has been collected by another researcher or organization, for example research papers, articles, literature, etc (Yin, 2009).

The main objective of the data collection for the case studies is to gather information about actual human events and behavior. Data collection for case studies may come from six sources; which are documents, archival, records, interviews, direct observation, participant-observation and physical artifacts. One of the principles referring to data collection mentioned by Yin (2009) that we considered important in our data collection is the usage of multiple sources of evidence. This study will be using multiple sources of evidence; this increases the reliability of the case study. Moreover, when using multiple sources triangulation of the gathered data can be done. According to Yin (2009) creating hybrid strategies in which multiple sources of evidence are more likely to be relevant. Furthermore, “the use of multiple sources of evidence in case studies allows an investigation to address a broader range of historical and behavioral issues” (Yin, 2009 p.115).

This multi case study will be using three different types of sources; documentation, archival records and interviews. The research will be based on the interviews and complemented with documentation and archival records.

The documentation source includes administrative documents, reports and internal records from the companies that will be study. News and articles found in the mass media such as Internet and printed media are also fitted in this source (Yin, 2009). All the documents mentioned above are useful for a better understanding of the company and the environment around it, however they are not always accurate. Most information is obtained through interviews with persons with a high position or the founders, though they can manipulate information in a positive way or not give an overall perspective, the usage of documents corroborates and augment evidence from
other sources. Documents will help to verify information and it can provide extra details or corroborate information from other sources.

Interviews are considered one of the most important sources of case study information. According to Yin (2009) there are three types of interviews for case studies. The first one is an in-depth interview, where the respondents are asked about the facts of matter as well as their opinion and it may take place over an extended period of time and maybe more than just one sitting. The second type is a focused interview, where the person is interviewed for a short period of time. The major purpose of these interviews might be to corroborate certain facts. The third type of interviews entails more structured questions, more alike to a survey. The survey can be designed as part of an embedded case study and produce quantitative data as part of the case study evidence. For the achievement of our research purpose, this study will be using an in-depth interview. The interviews are recommended to be guided conversations rather than structured queries, however for avoiding missing information the usage of an interview guide will be employed in our study.

4.4.1 The case study protocol

The protocol is a way of increasing the reliability of the case study research and the main aim of it is to guide the investigator in carrying out the data collection. Our case study protocol is based on the following structure and for further details it is referred in Appendix 1.

1. Introduction
   a. Research Question
   b. Theoretical Framework

Data collection procedures
   . Names
      a. Data collection plan

Outline of case study report
Case study questions
Evaluation
4.5 Selection of the Respondents

This study is aimed at understanding how born global firms from emerging economies achieve success in international markets. In addition the study will be done through multiple case studies. For these reasons, when choosing the companies for our study we based on the following aspects; firstly, the companies must be a born global firm, which according to the definition used for this study “A Born Global firm is a company that views the world as its marketplace and achieves significant levels of foreign sales within early stages of its inception through the use of resources and sale of outputs in multiple countries”; secondly the firm should come from a country considered as an emerging economy. We decided to use two companies from different emerging economies; Mexico with Ki-an and Ghana with Sproxil. The companies used for the cases, were reached mainly by personal networks of the researchers and by internet search. Since the information needed for the study is about management strategies, we aimed at interviewing someone at top management level or a founder. It is important to note that looking for companies with these characteristics was not an easy task. The challenge was either in contacting them and getting them to reply, or in convincing them to get us to interview.

The respondent for interview with the company Ki-An, was Mrs. Irma Jiménez Cruz, who is one of the co-founders as well as the current General Director of the company. The interview was undertaken in two parts on different days, the first one lasted approximately 50 minutes and the second one around 30 minutes. The interview was made through the voice-video sharing software Skype. The respondent for the interview with the company Sproxil was Mr. Alden Zecha, who is the Chief Finance Officer and Strategist, as well as one of the co-founders of the company. The interview was also made through a Skype voice call and it lasted approximately 30 minutes. An interview guide was shared prior to the Skype session.
4.5.1 Value of the Study

It is relevant to demonstrate that the research has accurate, confident and trustable outcomes. The results obtained from the research will somehow need to be evaluated and demonstrate the credibility of the study; this is where validity and reliability concepts will be used.

4.5.2 Validity

The validity concept concerns about whether or not a measure is really measuring the concept. There are three types of validity, which have a different way of judging the validity of a measure of a concept. The first one is construct validity, which is mainly used in quantitative studies; the second one is the internal validity which aim to make a connection or association between two or more variables of the study; the third one is the external validity which aim is to prove if the findings from the study can be generalized (Bryman & Bell, 2007).

Even though we want to get deeper understanding of born global firms in emerging economies, Bryman and Bell (2007) states that it is not possible to achieve external validity when using a case studies, because you cannot use one or a few specific cases and make the findings representatives for all the companies with the same or similar characteristics. Since the purpose of the study is to gain more understanding in a relatively new field from a different perspective, we consider that the appropriate type of validity that will be more suitable to our study is internal validity. According to Yin (2009) internal validity is achieved when the study can show a relationship between variables. For this study, we aim to find relationships between the variables chosen have them explained in the theoretical framework. With this study we want to make accurate connections between the variables stated and the born global firms in emerging economies. These associations between several variables will be based on the data collection retrieved from semi-structured interviews, documents provided by the company, articles as well as from media releases online. The usage of different sources for our data collection to analyze and evaluate which are the main factors influencing born global firms from emerging economies successful operations when entering international markets will ensure the validity of our study.
4.5.3 Reliability

The concept of reliability is related to the consistency of a measure of a concept or theory. Bryman and Bell (2007) point out three main factors that should be considered when evaluating if a measure is reliable or not: stability, internal reliability and inter-observer consistency. The first two concepts mentioned, are more related to quantitative methods, due to the data gathering method used in this study we will not be able to use them. However we will enhance the reliability of our study by being consistent with the subjective judgments that will be involved when gathering the empirical data in the research. Significant part of the data collection gathered was obtained from semi-structured interviews and were undertaken by co-founders, which they are actively working in the company in strategic positions, makes the information obtained be reliable and trustable. Moreover, we are using other documents given by the companies and others from the Internet such as articles and other media releases, according to Yin (2009) secondary data is accurate and truthful. Nowadays there are many variables affecting directly or indirectly the companies’ operations that are constantly and rapidly changing. However, due to the detailed documentation cited above in the selection of respondents, case study protocol and data collection of how the information used for the study was gathered; including companies chosen, interviewees, case study protocol and other documents, we can assure that if this study is undertaken under the same circumstances and all the variables remains ceteris paribus, the results obtained will be exactly the same.
5 Empirical Data

In this chapter, a summary of the data collected from Ki-An Eco and Sproxil will be presented on separate accounts. This data is presented under various themes that relate to our theoretical framework and that generally relates to the literature under review. Each company’s interviewee is cited within the texts consistent with the interviewees’ responses. This approach was chosen because it will give the reader a wholistic comprehensible view.

5.1 Company A: Ki-An International

5.1.1 Company Profile

Ki-An International is a Mexican company created to promote the exchange of organic, natural and biodegradable products in national and international markets. Ki-An is a company specialized in distribution, marketing and export of organic, natural and biodegradable products. The company is formed by a small group of young people committed to the environment, society, country and planet (Ki-An Eco, 2009). The company was founded by a young couple who spotted a huge opportunity in the Mexican agriculture field. Irma Jimenez, who has always had a great interest in ecology, sustainability and green products, saw a business opportunity where not only she will be winning but it would also benefit farmers and the country.

Traveling around Mexico, the couple saw that local farmers from different regions, where producing beverages, food or products without using any kind of technology, modifying genes, adding extra chemicals, pesticides, etcetera. The manufacturing process of almost all their products was natural and organic, from the cultivation of the ingredients to packaging of the formal product. (I. Jiménez, personal communication, April 12th, 2012). The couple spotted the opportunity to help local farmers and producers to improve their products and manufacturing with knowledge, investment, legal and marketing counseling, so they could get organic, natural and/or biodegradable international certifications. With these certifications the products will have a competitive advantage, not only in the national market but abroad. The company has worked hard to support Mexican farmers allowing them to improve their quality of life. Ki-An works for the development of national organic agriculture, the company distributes, markets and exports...
organic, natural and biodegradable products through retail in the home market and international markets (Ki-An Eco, 2009).

The name has its root in the Sumerian mythology, where Ki is the Goddess of Earth and An is the God of Heaven. Together they represent the duality of gender, which defines the planet. Ki-An reflects the search for the natural balance between land and species through fair trade and agricultural development, contributions that are inherited from the Sumerian civilization, the first civilization known to human being as sedentary. The mission of the company is to provide our clients and advising national and international partners and marketing service quality for a healthy and strong growth in the market, selling organic products to support the preservation and improvement of human beings and the planet (Ki-An Eco, 2009).

5.1.2 Empirical Findings

Strategic Management

According to the respondent, one of the advantages that the company has is that they are constantly updating their catalog of products. They are aware of the product cycle of each one, so they do their best effort to constantly bring new or better products. They are working hard on the development of new products with their subcontractors, the respondent remarks that they do not have a research and development area as most of the formal companies would do, they rather encourage their subcontractors to keep innovating and/or adding more things to the current products they have. For example, the respondent mentioned the case of one of their subcontractors cultivates cactus. Due to the extensive medicinal properties of this fruit, he decided to do more research about the plant. His first product was cactus tortilla, which is healthier than the traditional corn tortilla, nowadays due to the increased sales and therefore higher profits, he had more resources to keep developing new cactus products. His range of cactus products has increased significantly, among the new products there is cactus powder that helps the digestive system, cactus shampoo to avoid hair loss to cactus chips which is a healthier snack for kids (I. Jiménez, personal communication, May 19th, 2012). Marketing strategy is to go with the trends, they have done several market research for the Mexican market, to see what does the consumers wants and why. This helped them in the development area, now they know where they have to focus and which products are having more demand.
Both founders have a degree in business economics with a major in international business. They both worked in big transnational corporations for a few years; afterwards they decided to work on their own entrepreneurial project. They did not have any previous experience in managing a company of their own, but they believed in their idea and a few years later the project became a reality (I. Jiménez, personal communication, April 12th, 2012).

According to the General Director of the company (I. Jiménez, personal communication, April 12th, 2012) Ki-An can attribute their success in the international field to several factors. One of them is due to the international marketing strategies they have implemented; products with added value and competitive prices are the two main marketing tactics they have used when entering new markets. Furthermore, the increasing demands of sustainable products in foreign markets. The green trend has been increasing all over the world, this makes the company’s products attractive for increasing markets in Mexico and internationally. Ki-An is taking this opportunity to increase their existing markets and entry new ones.

Technology
Regarding to technology, Irma Jiménez (personal communication, May 19th, 2012) mentioned that due to the company’s profile of commercializing organic, natural and biodegradable products, the use of technology in the development of new products and in the whole manufacturing process is practically inexistent. The respondent does not consider technology as a crucial factor for the company’s success nor a trigger to the internationalization process.

Market Orientation
Mrs. Jiménez (personal communication, April 12th, 2012) said that the idea of exporting and distributing the products in international markets was thought since the company was established. When the founders came out with the business idea, going abroad was part of the vision of the company. People from developed countries are more aware of the added value of a natural, organic or biodegradable product; therefore consumers in more educated countries are willing to pay more for an ecological product. Moreover the demand for this type of products is higher in developed countries. Ki-An thought that having a trustable green product, which by
getting the proper international certifications, it would be easier to enter international markets with a strong positioning.

The respondent addressed that the company started their internationalization two years later after the company’s creation. The first international market they decided to enter was United States of America in 2009. The main reasons for choosing USA as the first new market to entry were the geographical location, business networks and the North America Free Trade Agreement, which made the process simpler. After USA, Ki-An decided to enter Canada in the same year due to the fact that the exporting process did not differ so much from the exporting to USA. The company participated in several European food trade fairs. This gave the company new opportunities to enter markets in Europe. During 2010 Ki-An entered two European markets; Spain and Portugal. They found a couple of distributors that were interested in the product offered by the company. Even though the sales in the European market have not been as good as they projected, the demand of their products has been increasing. The company entered Italy in 2011. Nowadays Ki-An is almost concreting their business with some countries in Asia, they expect to start distributing their products to this continent during this year or the first months of 2013. (I. Jiménez, personal communication, April 12th, 2012)

There is a lot of competition out there, so the company must have something totally different and most importantly be reliable^ (I. Jiménez, personal communication, April 12th, 2012). According to the respondent, some other challenges are the cultural differences between countries and the trading barriers from each country. The products do not have the same acceptance in different markets. Irma Jiménez (personal communication, May 19th, 2012) mentioned an example with one of their products that is dried mango with chili, where the product had a great acceptance in the Mexican and the USA market, however in Spain most of the inventory outdated before they could sell it. However, those challenges the company only has to go through them once, while selling and getting new distributors is a day-by-day challenge. Another challenge mentioned by the director was the huge competition and the prices of the products. It is hard to compete in prices out there, because there are some countries that have cheaper labor hand and massive production.
Product Differentiation

As mentioned before by the respondent, Ki-An distributes and exports Mexican products that are organic, biodegradable or natural. In order for a product to be considered under any one of these categories, the product must have an international certification where the product and producer must fulfill certain characteristics of manufacturing, components, management, standards, etc. Ki-An is actively partnering with local farmers to get international certifications. The owner is aware that having international certifications in their products is one of the company’s core competences (I. Jiménez, personal communication, April 12th, 2012).

I. Jiménez (personal communication, April 12th, 2012) made an interesting point saying that most consumers do not know the difference between natural, organic or biodegradable products. However, due to the increased popularity of these terms, healthy trends and other ecological issues such as sustainability, the market for these products has been considerably increasing during the last decade.

All the products distributed by Ki-An are categorized within these three green categories. The organic products are those that are grown, raised or manufactured in harmony with the environment. They contain no pesticides, synthetic pesticides or agrochemicals. In the case of animals, no hormones, antibiotics nor anabolic. Organic products do not use Genetically Modified Organisms and must be supported by certification agencies. The biodegradable products will not persist in the environment and will be returned to earth in nature’s elemental form in carbon, nitrogen, water, etc. In order to be considered a biodegradable product, 70% or above of the product is decomposed within 30 days. The natural products are those produced, harvested and processed with at least 95% from renewable sources found in nature including plants, animals and inorganic minerals (Ki-An Eco, 2009).

The products distributed by Ki-An are carefully selected after a product and market analysis. For example, since cactus products are not common in Europe, they selected just one product for the European market, which was the one with more sales in USA and in the Mexican market. Furthermore, they make special print advertising where the product and its functions are described (I. Jiménez, personal communication, May 19th, 2012). It is important that the
products have something unique, innovative, offers better performance, can not be found on the market or any attribute that can make the product stand out from their competitors or possible substitutes. According to Mrs Jiménez, Ki-An has recently started counseling local farmers with their product innovation. Ki-An detected that many of their subcontractors have great innovative ideas, but do not have money, time and knowledge to start the process. Ki-An believes that local farmers can do extraordinary products that will have a huge demand on the market.

**Networks**

The owners of the company know that networks are one of the most important key factors of the company’s success. I. Jiménez claimed that without networks it is difficult to enter new markets, in order to do that, the company must work and invest a huge amount of hours in making relationships with distributors and contacts with other companies that could help them get in the new market (personal communication, April 12th, 2012). The respondent said that with the proper networks you can get as much as you want; information of the market, knowledge, other contacts, advices and suggestions, among others. The directors said that without networking the company would not be selling their products right now in foreign markets, especially in Europe. Irma Jiménez (personal communication, May 19th, 2012) gave the example of one the company’s key contacts named José Luis Porcuna, who is President of the Spanish Society for Organic Farming SEAE (Secretary of the Spanish Institute of Organic Agriculture) and advisor to the EU organic product certification. They met him at an organic agriculture conference that was held in Mexico City, he was one of the expositors and at the end they had the chance to talk to him. Months later, he invited them to conferences of topics related to organic and natural products in Spain, where they met other people related with organic and natural agriculture. Soon they were invited to participate in several trade fairs in Spain and Italy where they get to know more about the European organic and natural industry and sold their products in this countries.

“It is important to have social relationships with key people in the markets where the company is planning to start doing business” (I. Jiménez, personal communication, April 12th, 2012). Public relationship, participation in trade fairs, communication with business within the industry or similar are great ways to start knowing people that could help you finding the right persons, distributors, or simply give market information. For example, Ki-An has intentions to entry other
Latin American countries, so they recently joined the *OrganicLatin America* association where they hope to meet distributors and possible clients as well as get some business tips (I. Jiménez, personal communication, May 19th, 2012).

### 5.2 Company B: SPROXIL

#### 5.2.1 Company Profile

SPROXIL is a venture-backed social enterprise with a sound solution to minimize counterfeits in emerging markets while connecting legitimate companies directly to their customers in an efficient way. Its technology based solution provides simple to use scratch-off tags and robust back end analytics tied up with reliant and proven technologies for developing nations. Whereas Sproxil’s solution caters for track and trace across the entire supply chain, there is still a need for chemical tests at ports and borders, frequent factory quality control inspections and post-market surveillance to detect sub-standard drugs due to mishandling. With the explosive growth in mobile phone access in the developing world, it makes a lot of sense to use a participatory technology tool that is prevalent in such resource-challenged environments.

Sproxil was incorporated in 2009. Even though ground research started in 2006, the organization was established in 2008 before kicking off in 2009. Sproxil is considered to have been ‘planted’ or seeded in Africa. Even though it was formed in the United States and is currently US-based, Africa is considered to be the incubator where Sproxil has grown out of.

#### 5.2.2 Empirical Findings

*Strategic Management*

According to the CFO and Strategist Alden Zecha, the most important factors for Sproxil’s success can be attributed to number of things. One is the people in the Sproxil Team. The people who work for Sproxil and what they do is critical factor for their success. Secondly, the respondent also attributes their success to the approach adopted in designing the business. He said that the business model from the beginning was designed to be truly international, one which would take into account all the various stakeholders in the Sproxil system, and one that
would make sure that the offering (service) was aligned with the stakeholders interests and needs. Thirdly, the founders feel that a large part of their success was their ability to execute the plan with the people and the resources that they had. They added that having a good plan was of course important but it was only one factor of running a business. Because, several businesses with the exact same plan would have completely different results based on how they would execute as well as who they have as a team (personal communication, April 12 2012).

As per information provided by the respondent, Sproxil’s founders, Ashifi Gogo and Alden Zecha are highly competent and well educated, skilled entrepreneurs. Ashifi Gogo has a technical background, with a PhD in Engineering specifically in communication technology. He previously founded another business in ‘Voice over IT’. So he possesses relevant experience in founding businesses. Gogo also has a good understanding of West Africa, as he was born and raised in West Africa (Ghana) and so that comes in retrospective (personal communication, April 12 2012).

The respondent Alden Zecha said that his experience was from the ‘developed’ side, so to say (personal communication, April 12 2012). He was born and raised in the United States. He has a degree in Engineering and his experience is much more varied. He has worked for government positions, large company private sector to small company private sector. He has also founded and been part of co-founding teams of several businesses. He has worked in about 20 different countries in his career and has lived in 3 different continents as well, so he has significant international experience. However he does not have notable African experience but instead has European, Asian, Latin American and American experience.

Speaking of Financial resources, the respondent mentioned that Sproxil has an ‘Acumen Fund’ investment that is used for their growth initiatives. Prior to this investment, Sproxil already had presence in Nigeria, but after the investment, they were able to enter Kenya, India and Ghana, which are all new markets. So it did take financial investment to make a business grow successfully.
The Sproxil’s Strategist further elaborated that, in order to stay ahead of the market and competitors, Sproxil will continually innovate in terms of the design of the solution and as well as the innovation of the processes and the technology (A. Zecha, personal communication, April 12 2012). According to the respondent, Sproxil’s belief is that if you don’t innovate on a regular basis you will in fact die. Because the industry and technology continues to change all the time and the competitors whom they are doing business against, are in fact the counterfeiters and they are constantly innovating, constantly designing, constantly developing new ways to try and beat legitimate products manufacturing brands that they work with. So we in response, Sproxil needs to be constantly innovating as well. That was something that has been built into their company culture and everyone in the company sees themselves as an innovator at all times and it is very important to what they do (A. Zecha, personal communication, April 12 2012).

According to the respondent, Sproxil’s strategy to meet their international customers in a timely manner can be attributed to the well distribution of their offices across several time zones. They have the East offices to cover Asia, Central offices for Africa division, and the West, which caters for their America demands (A. Zecha, personal communication, April 12 2012). Sproxil has staff working across various time zones, and in total normal business hours (without overtime), show that Sproxil has staff working 20 hours out of a 24 hour day. That has definitely been a way to meet their international customers’ needs in a timely manner. Another way is to utilize the experience in these various markets, their staff on the ground in these markets know the local situations and are more proactive to any immediate changes or needs in that market place. Last but not least, He mentioned that Sproxil uses a wide range of communication technologies, emails, voicemails, mobile communications like SMS, in order to meet their customer’s needs in a timely way (A. Zecha, personal communication, April 12 2012).

According to the respondent, potential competitors to Sproxil are welcomed because they believe that competitors will help expand the industry. In creating increased awareness to the counterfeiting problem, the need to use Sproxil’s services will arise. They are confident that they have a firm standing in their position as market leaders and plan on maintaining it (A. Zecha, personal communication, April 12 2012).
Technology

With regards to technology, the respondent explained that technology in Sproxil is more of a tool, something they use to deliver their service offering (A. Zecha, personal communication, April 12 2012). Technology is not the end point of the Sproxil solution. It’s rather a tool that is utilized in different ways to achieve certain objectives for the customers and clients, as well as the consumers who are any other people who interact with the Sproxil system. They however, do not think of technology as the defining aspect of Sproxil but it’s a tool used. And as Sproxil’s Strategist states, “Technology is something that is important but it is not the Be-all and End-all”.

From secondary sources, we see that Sproxil’s markets are experiencing tremendous technological breakthroughs in form of telecommunication leapfrogs through mobile telephones services and internet advancements. One of Sproxil’s markets, India has 919 million mobile telephone users representing 76% of the population and 121 million internet users representing 10% of the population (TRAI, 3rd May 2012; www.itnewsafrica.com, 21 May 2012; Forbes, 9 August 2011).

Market Orientation

According to the respondent, Sproxil has entered 4 major international markets since its founding in 2009 that conform to the of the emerging economy description. In 2010, Sproxil captured the Nigerian market which is a critical market for counterfeit drugs (A. Zecha, personal communication, April 12 2012). And in 2011 they entered Kenya, India and Ghana. Alden further explained that, Sproxil targets emerging markets where the culture and society is primarily cash-based such that the use of cards and electronic payments is fairly low. He stated that, unfortunately many of these cash-based markets have significant counterfeiting problems and that even though the counterfeiting problem is prevalent in emerging markets, it cannot be ruled out for the developed markets. He then stated that emerging markets can be categorized as developing and under developed (A. Zecha, personal communication, April 12 2012).
The respondent explained that when selecting their chosen markets, Sproxil considered the market opportunities that were available. Markets with large enough opportunities to justify the expense and investment were taken into high priority. In addition, the cost of setting up the local offices as well as initial investment was considered. Last but not least, the respondent stated that the company took into consideration the cultural, business and regulatory aspects as well (A. Zecha, personal communication, April 12 2012).

When asked about the decision to be international, the respondent explained that the idea for Sproxil to be an international brand was right from the beginning. The founders recognized this even before the formation of the company that it would be an international venture. He then stated that the internationalizing idea was built into the company plans since the very beginning. Moreover, with the trend of sales revenues, Sproxil has 100% foreign sales which were generated from markets outside the United States (A. Zecha, personal communication, April 12 2012).

According the Sproxil’s Strategist, most of the challenges in internationalizing are the differences from country to country. He stated that these are differences in language, in culture, in local regulations, in business environment or business friendliness but also regulation in terms of pharmaceuticals (A. Zecha, personal communication, April 12 2012). He further explained that since Sproxil’s offering targets the pharmaceutical industry, regulations within the industry are critical in determining the future business challenge. In addition to that, the respondent mentioned that more basic challenges like time zones and local infrastructure can be considered too. He stated that Sproxil’s target markets are countries which have variant infrastructure development levels with some being more underdeveloped than others. Lastly, he said that the need to access transport and communication pauses a big challenge from country to country (A. Zecha, personal communication, April 12 2012).

Product Differentiation

According to the respondent, Sproxil’s Mobile Product Authentication™ (MPA) architecture provides a comprehensive solution for protecting high value/ high risk products in cash-based emerging markets from pharmaceutical counterfeiters. The solution offers a cash-paying
customers the opportunity to text message an item-unique code for a rapid response that confirms a brand’s genuineness (A. Zecha, personal communication, April 12 2012). He further clarified that Sproxil’s offering is considered to be more of a service than a product. He also mentioned that MPA is considered to be fairly unique because there are extremely unique and other aspects that are common, clarifying further that the common aspects of the offering are being used by others in the marketplace. Nonetheless, Sproxil’s award winning unique offering has been acknowledged by several organizations such as; The Clinton Foundation, IBM SmartCamp, USAID, Mobile Infrastructure Technology (2010 award) et cetera. It has also featured on various media channels such as CNNMoney, Wall Street Journal, Reuters, BBC et cetera.

Networks

The co-founder emphasises that networks are extremely important, although most of the networks they have now were developed during the time that Sproxil has been in operation (A. Zecha, personal communication, April 12 2012). He further explained that their networks are not static, they change over time and some grow while others go. He emphasized that the ability for Sproxil to expand into the international markets was facilitated by having networks that know more about those business environments that they could speak to concerning the culture and general business culture.

The respondent further explained that personal and business contacts in the United States also facilitated the same success (A. Zecha, personal communication, April 12 2012). Prior to founding Sproxil, the company founders had business contacts in Ghana, Kenya, India, Nigeria and many other countries. He explained that simply because they had this wide range of contacts did not necessarily mean that they could expand into all those markets. Lastly, he explained that the networks in the Sproxil’s current markets heavily facilitated entering those markets, by making it easier to gather information, do research before the decision to commit to that market (A. Zecha, personal communication, April 12 2012).
6 Analysis

In this chapter we will link the Empirical Data that we have collected and outlined in Chapter 5 to the Theoretical Framework in Chapter 3. The Analysis will point out how our multiple cases ie. Ki-An and Sproxil have coordinated their activities to internationalize and how this data is interpreted according to relevant theory.

6.1 Strategic Management

As Jantunen et al (2008) argue that entrepreneurial orientation of Born Globals influence the level of the firm’s innovativeness, pro-activeness and risk taking by management. We found that to be the case in the management of both Ki-An and Sproxil which comprises of the founders (entrepreneurs) who also make strategic decisions for the companies based on their international exposure, knowledge and experiences. Both Sproxil and Ki-An have a focused top management that comprises of founders who have led the companies by taking on high-risk ventures through being proactive and by encouraging innovativeness. As stated by the co-founder of Sproxil, innovativeness is encouraged throughout the firm. They believe that their competitors (counterfeiteers) are continually innovating, and it was important for them to do the same in order to maintain their market leadership. Furthermore, in both companies, we saw that founders made decisions that involved significant levels of risk. This can be seen at the start up of both Ki-An and Sproxil, which both entered a relatively unique type of business for their kinds of home markets. Furthermore, concerning the marketing of their products, financing strategies, choice of markets to enter, the product offerings as well as their key distributors were made strategically. This all agrees with Jantunen et al. (2008)’s proposals that strategic entrepreneurial orientations are crucial for the success of Born Globals. We can therefore see that this is not an exception with Born Globals from emerging economies.

The pressure to manage a multicultural workforce, coordinate resources and capabilities while delivering to their customers needs in a timely manner pose a tremendous challenge for Born Globals that seek to succeed internationally (Madsen & Servais, 1997). The theory can be confirmed with the empirical findings were both Ki-An and Sproxil addressed this challenge
differently. Sproxil did so, by opening representative offices in the markets they cover in order to attend to customer’s needs proactively. While, Ki-An on the other hand overcame their this challenge by investing enormous amounts of time in building relationships with distributors and other companies as soon as they decided to enter these markets. This helped Ki-An increase the reliabilities of delivering a valuable product in a timely manner but also established a strong reputation. Both approaches used by our cases further adhere to Wood et al (2011)’s proposal that Born Globals from emerging markets must deploy extra efforts to increase their legitimacy and reduce reputational barriers in the markets they sell in.

As Madsen and Servais (1997) argue, the founder-manager’s international experiences reduce the psychic distances in new international markets, thus increasing their chances of success as Born Globals. Both companies had founders with good educational backgrounds that facilitated the internationalization of their companies. Ki-An’s founders have degrees in international marketing while those of Sproxil had engineering degrees. Furthermore, in Sproxil’s case we found that the co-founders had tremendous international experience from their previous work commitments in various continents across the globe. They also had good knowledge of the markets they operated in. For example, Sproxil’s Ashifi Gogo was born and raised in Ghana, and therefore had a good background of the way the market operated. Moreover, the management of these Born Globals from emerging economies continues to choose the best strategic choices both for profit maximization while addressing the needs of their customers in a timely manner. From this, we can see that management of Born Globals from emerging countries must have sufficient international knowledge and experience to reduce the psychic distance and increase chances for success in new markets.

Strategies adopted by Born Globals are usually different from those of the traditional international firms due to the pressures to globalize right from inception (Loustarien & Gabrielsson, 2004). This is seen to be true as we found that the marketing strategies adopted by both Ki-An and Sproxil were built on the product’s innovativeness that caused a higher perceived value by their customers. Ki-An’s organic and natural products appeal to their customers, while Sproxil authentication offering appeals to customers who want genuine pharmaceuticals. Since, these Born Globals often have limited marketing resources it is their
product’s value that attributes to it sell. This succumbs to the proposal by Knight (1997) who argues that born global firms are often limited in resources for extensive marketing.

Furthermore as McDougall (1994) offers, venture capitalists and investors tend to look for founders or managers with a global vision, international experiences and international partners. This is true for the financing strategy adopted by Sproxil who use the ‘Acumen Fund’ for the running of their business. This tends to be the case with high risk start ups and is also the same for emerging economies’ born global firms. In Ki-An’s case, we found that their financing strategy was in the use of bank loans. This also adheres to the notion by Knight (1997) that born global firms face financial resource constraints. We also see that the venture capital funds attained by Sproxil prove that indeed, Born Globals from emerging markets carry very high risks and if successful, high returns and this agrees with Gabrielsson et.al (2004)’s argument. The strategies adopted by Born Globals from emerging economies are therefore considered unique and if well coordinated lead to the success of the firm in the international scene.

### 6.2 Technology

Our findings illustrate that technology advancement both within the company and the markets are crucial for the success of Born Globals from emerging economies. In particular, telecommunication leapfrogging in markets such as India, Nigeria, Ghana, Kenya where Sproxil operates, is one of most dynamic success factors for companies that utilizes mobile phones services which interface with Sproxil’s MPA service. Without this leapfrog in technology, the implementation of the solution against counterfeits would have been futile. In this case Singh (1999)’s proposition that leapfrogging telecommunications in developing markets will help to accelerate the rate of development is true. These technological advancements allow these Born Globals an opportunity to bridge gaps within the markets they operate.

Furthermore, the implementation of new technologies in ready markets is crucial to the success of these companies’ offering in their markets (Socete, 1985). This was the case with Sproxil, who wouldn’t have rolled out their MPA solution in markets that were not ready. And as mentioned by the respondent, the choice of markets for Sproxil was based on those that were
more developed among the emerging economies and that led to the success of their offering. These findings further agree with Badawy (2009) who offers that lagging economies can overcome the technological challenge gap by adopting innovative technological solutions through mastering the utilization of advanced technology. Because these markets are seeking development through the utilization of technological initiatives, the consumers in these emerging markets tend to match the trends by adopting the same technologies. Thus Born Globals from emerging economies need this technological factor to succeed internationally.

On the other hand, in the case of Ki-An, technology does not play an important role in the manufacturing process nor in the research and development of new products. The company has an ecological perspective, and due to the international certifications they manufacturing process of the majority of their products should not evolve technology. The core competence of the business is to offer friendly environmental products, where the least technology uses is better. This contradicts Badawy (2009) proposal that lagging economies should look for better opportunities by adopting innovative strategic solutions to utilize technology.

6.3 Market Orientation

Emerging markets characteristics play a crucial role in the success of Born Global firms, both in the contexts of them being home markets as well as target markets (Madsen & Servais, 1997). Mexico from which Ki-An emerged, has a diverse blend of success factors such as in development of niche products, technology advancements, increased access to transportation and communication channels etc. Not only have these shaped the way business opportunities are exploited but also has created awareness for international needs. This market situation agrees with Madsen and Servais (1997)’s argument that these market characteristics have made it possible for Born Globals to internationalize successfully. Furthermore, it can be noted that the trends for a more sustainable lifestyle of using biodegradable, natural and organic products is a growing trend in developed countries, which has also influenced the Mexican market to lean towards the same trends. To further support this notion, Ki-An conducted market research in Mexico to adequately represent Ki-An’s customers base abroad.
Sproxil’s markets have experienced the similar influences, though it’s mostly emphasized for cash-based societies and telecommunication technology advancements. Sproxil carefully selected their markets with emphasis in those that they had more developed structures to facilitate their success. This supports Arnold and Quelch (1998)’s argument that technology breakthroughs have largely contributed to influencing emerging markets characteristics. Without these prior structures in place, Born Globals from emerging countries would find it extremely difficult to successfully launch into these markets.

Human resource skills and capabilities played a crucial role for Born Globals from emerging markets to succeed (Madsen & Servais, 1997). Sproxil’s representative offices are equipped with the right personnel with whom the company can entrust responsibilities and expect efficiency. As explained by Sproxil’s Strategist, the company cited their team as one of the most important factors that has led to their success. As Madsen and Servais (1997) argue, these market characteristics will influence the level of human resource skills and capabilities.

Furthermore, both Sproxil and Ki-An saw that the need to meet the customer’s needs in a timely manner was crucial for their success. The issues related to timeliness of the company’s organization as put forward by Khavul et al (2010) highlight that, differences in cultural, geographical and social norms would give rise challenges for Born Globals. These claims are however not new to our cases, that operate in markets that are structured differently from their home markets. Challenges such as differences in business culture, language, price differences, communication, trends etc, had to be continually addressed as it was expressed by Alden Zecha of Sproxil. In order for emerging markets’ Born Globals to succeed, they need to efficiently meet the international demands, though with extra efforts of overcoming the barriers stated above.

In a similar perspective, it can be noted that the case study companies were serving niche markets right from the start. Sproxil’s solution to protect the pharmaceutical industry and naïve customers from counterfeiters is a move towards proactively solving the niche market’s needs. As noted by Sproxil’s Strategist, the industry they belong to is relatively new with little or no direct competitors, but with more competitors, their target customers will have an increased awareness of the counterfeit drugs, thus opting for their solution. Similarly, we see that Ki-An’s
unique biodegradable, organic and natural products reach out to a niche consumer segment. As argued by Knight and Cavusgil (2004), these emerging market Born Globals which are often small sized, are rather more inclined to innovatively and efficiently meet their customer needs than their ‘developed’ counterparts. We can argue further to support the authors claims, that these Born Globals will incrementally influence the market’s perceived needs as awareness of these niche products spreads.

6.4 Product Differentiation

Born global firms should give high importance and be focused on being constantly innovating or improving the offered product or service. Generally the success of these companies is based on the added value of their products, as Cavusgil and Knight (2009) mention in *Born Global Firms A New International Enterprise*, Born Globals are often related with the development of new product or services. From the empirical findings we can say that both companies; Sproxil and Ki-An give large importance to product and/or service they offer to international markets. Sproxil consider their offering more likely as a service instead of a product, which they consider to be fairly unique due to the lack of direct competitors on the worldwide market. Furthermore, the company has a strong positioning on the market, recognized and acknowledged by important organizations and featured on several media channels. Ki-An's core business is based on the meticulous selection of the products they are marketing. The products they select must have something unique so they can easily gain market share when they enter new markets. According to the respondent, the company is aware that if their products do not have a distinctively added value, it is harder to get distributors. Therefore, Ki-An emphasis on the uniqueness of their products, most of them cannot be found on the market, due to its uniqueness or higher performance compared with substitute products available in the worldwide market. The company is aware that they must offer an outstanding product that is why the selection of their products plays an important role in the business.

As several researchers have addressed, one main success factor for early internationalization is the differentiation strategy. For example, Porter (1980) mentions that born global firms tend to emphasize on a differentiation strategy by offering improved or innovate products. In our study cases this can be confirmed in both of them. On one hand we have Sproxil, which will be
frequently concerned about the service they offer in order to stay ahead from their competitors. The company is continually innovating their design as well as improving their processes and technology. The company is aware of the product life cycle of the service they are providing, therefore, they attempt to constantly shifting with their markets by regularly innovating, improving designs and developing new processes. Their strategy is to always be one step ahead, so they can continue offering to their customers the best service and product and consequently avoiding get out of the market or spreading their market share with competitors. The respondent mentioned on the interview, that the business culture is towards innovation, where everyone in the company must see themselves as an innovator all the time. This embodies how the company is focused on their differentiation strategy. On the other hand, Ki-An has been recently supporting their subcontractors, financially and with other intangible resources such as knowledge, to keep developing new products or make improvements to the existing ones. They believe that their subcontractors have the potential to create great products using organic and natural processes, which gives the products a plus due to the international certification of natural, organic and biodegradable product. The company’s core business is based on offering a green product (organic, natural or biodegradable) since this is not an enough added value; Ki-An complements their offering with other unique attributes of each product. In our findings we can see how both companies have an early internationalization associated with a product or service breakthrough or innovation, as Cavusgil and Knight (2009) addressed, where the products have a substantial added value, superior quality or unique characteristics to be able to outstand in international markets.

As several researchers, Cavusgil and Knight (2009) mentions that targeting relatively unique products to niche markets is one of the most frequent strategies for born global firms. This is mostly because large firms cannot satisfy the needs of such small markets, which becomes an opportunity for small firms that are able to offer unique high quality products. In our study cases, this theory applies for both companies, but in different ways. In the case of Ki-An, their niche market are consumers aware of ecological and sustainability matters, whom prefer to buy a green product over a standard one and most of the time are willing to pay more for this kind of product. On Sproxil’s case, the company is also targeting a niche market, but since it is a business to business, they niche market are companies in the pharmaceutical industry in African countries.
where counterfeiting represents a major problem. The company offers a complete service that intends to give a complete problem solution to their customers.

Cavusgil and Knight (2009) address that people and firms increasingly demand more specialized and customized products, that is why niche markets have become an important source of opportunities for smaller firms that have the possibility to satisfy those niche markets. In the empirical data, we can recognize that both companies give a high importance to their marketing strategies and development of new products or services. Furthermore, since both companies target a niche market, the same author states that this marketing strategies provides an opportunity to get closer to their customers, which increases loyalty and repurchasing behaviors.

### 6.5 Networks

According to Oviatt and McDougall (1995) the relationship of the company with suppliers, customers as well as other personal relationships, are highly important for new firms. This is supported by both study cases, where the respondents mentioned that networks and having good relationships with the subcontractors, distributors and customers plays a critical role for the companies, especially when it comes to internationalization. The respondent from Ki-An attributes networks and key relationships as some of the firm’s success factors in the internationalization process. As well, the respondent of Sproxil made a huge emphasis on how extremely important networks are for their business.

Other authors that makes emphasizes the significance of networks as well is Cavusgil and Knight (2009), they state that the existence of global networks is a trigger when it comes to early internationalization of small firms. In the case of Sproxil, the interviewee pointed out that Sproxil’s ability to expand into some of the markets where the company offers their product and services at the moment was facilitated by having the appropriate relationships in those countries that knew more about the business environment and had the knowledge of the country’s general and business culture. Similar to what the respondent of Sproxil said, the co-founder of Ki-An mentioned that networks facilitate the entrance to new markets. Furthermore, she pointed out how networks can give the company key information of the market, advices and facilitates the
creation of new relationships with customers, suppliers and distributors of the industry. This is also related with networks as a facilitator of foreign expansion with linkages with foreign distributors, strategic partners, and buyers and sellers in new markets, acknowledged by Cavusgil and Knight (2009).

Both cases stated the importance of having relationships in the markets where they are going to offer their products and/or services, due to the information about the market, general culture and business culture that can be obtained by those local networks. This goes along with what Johannisson (1994b) says about the local networks. He states that not only international networks are essential for the internationalization of firms, the points out that having local networks can make the difference on whether the firm be successful in the new markets. Moreover, the respondent from Ki-An said that they have invested a huge amount of time, money and other resources on making relationships and networking, but she pointed out that without those relationships the firm will probably not be selling their products in foreign markets by now. This is regarding Born Globals are enabled by dynamic networking capabilities to minimize risks when taking decisions about entering new international markets stated by Mort and Weerawardena (2006, quoted in Cavusgil and Knight 2009).

6.6 Similarities and Differences

From the above analysis we observed some similarities and differences between the success factors, which are now presented in the table below.

<table>
<thead>
<tr>
<th>Factors</th>
<th>Company A: Ki-An</th>
<th>Company B: Sproxil</th>
</tr>
</thead>
<tbody>
<tr>
<td>Differences</td>
<td>• The founders have only few years of international experience.</td>
<td>• Top managers have an extensive multinational and technical experience.</td>
</tr>
<tr>
<td>Strategic Management</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technology</td>
<td>• Technology is not used at all in the manufacturing process.</td>
<td>• The service offered is based on telecommunication technologies; therefore</td>
</tr>
</tbody>
</table>
### Technology plays a key role in the company

| Market Orientation | • Easier to enter in developed and well educated countries where eco-friendly products have high demands. | • Developing countries with counterfeit drugs problems.  
• Business to Business, few clients who are pharmaceutical companies. |
|---------------------|---------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
| Product Differentiation | • Constantly innovating new products or modifying the existing ones, their product portfolio is constantly changing. | • The product has remain the same, but still unique in the market.  
• Highly focused on the post sale support. |
| Networks | • High importance to make relationships in new markets with all the supply chain. | • Important to make and maintain a good relationship with the clients, especially with key accounts. |

#### Similarities

| Strategic Management | • Aim of becoming international since the companies were conceived.  
• The choice of markets, marketing, financing and production strategies are made by the top management.  
• Strategic commitment, all the employees are involved and aware of where the company is heading.  
• Strong mission, clear vision and good method of implementing business strategies. |
<table>
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</thead>
<tbody>
<tr>
<td>Technology</td>
<td>• Due to the difference in product/service offered by both companies, there is a lack of similarities on technology as a factor influencing their internationalization success.</td>
</tr>
</tbody>
</table>
| Market Orientation    | • Target niche markets, where they can offer a specialized product and satisfy the customers’ specific needs.  
• Take advantage of the market trends; counterfeiting |
problems and eco-friendly products increasing demand

| Product Differentiation | • One of their competitive advantages is that the product offering is different from the ones in the existing markets.  
• Offering unique values to the customers |
| Networks | • Highly relevant to have local networks on the new market, due to the information they can provide to the company such as market information, economic environment and business culture.  
• Large investment on time, money and other resources on building long and trustable relationships with customers, clients, distributors, suppliers, among the most important. |

In regard to the table above, we can highlight the following points. The differences between company A and B regarding to the factors Market Orientation, Product Differentiation and Technology are clearly due to the different product offered by both companies. The Strategic Management from both companies plays a key role on the performance of the companies; having strong committed employees, clear vision and mission and the aim of becoming international is a strong base for born global firms. The importance of technology is highly dependent on the product offering of the companies. Concerning to the factor Market Orientation and Product Differentiation, we can see from both cases that Born Globals from emerging economies tend to target niche markets and offer them a unique personalized product or service.
7 Conclusions

This chapter will highlight the study’s conclusion with regard to the purpose of the study and the research question. The research question will be answered based on earlier justifications, highlight the limitations to this study and lastly suggestions for further research.

7.1 Summary of Findings

At the beginning of this study, we set our research question as;

“What are the factors influencing Born Global firms from emerging economies to successfully internationalize?”

Going back to the purpose of the study and the research question we can say that through our multiple case study, the aim of the study has been fulfilled. Since we were able to identify the key factors on how they actually influence Born Globals from emerging economies.

There are five key factors namely Strategic Management, Product Differentiation, Networks, Technology and Market Orientation. These factors have been identified as important due to the high influence they have on Born Globals business performance. They each play varying roles with respect to the industry and markets targeted. However, we found that Strategic Management, Networks and Product differentiation played a very crucial role in both Ki-An and Sproxil from an internal perspective. Market orientation also contributed an important factor for these cases from an external perspective. Last but not least, technology was important, though it was highly dependent on the type of product/service offering from the company.

To conclude we can say that born global firms from emerging economies are responding to worldwide opportunities by having suitable orientations and implementing appropriate strategies to their business. Despite the market irregularities, underdeveloped infrastructure and constraints in resources, these firms continued to successfully internationalize. It is therefore essential that born global from emerging economies take the above factors into consideration if they have to succeed in the international scene.
7.2 Limitations

Limitations are those factors that cannot be controlled by the researchers, and might affect the results of the undertaken study or how the results can be interpreted. There were a number of factors that affected the study, however we only considered those of that posed a significant effect on our study. Since the research was a multiple case study based on two single cases from different countries, the results should not be generalized to the entire population of born global firms from emerging economies. The companies used for the study cases were chosen without taking into consideration the following aspects: company size, industry, product or service offering, company’s resources, financial position, international presence in more than a specific number of countries. Since the aspects mentioned above were not controlled by the researchers, the results may vary if one or more of the aspects are taken into consideration in future research.

7.3 Suggestions for further research

Given that there is limited literature covering the topic of Born Globals from emerging economies, our study identified some areas where further research would be called for. Firstly, there is a need to investigate the relationship between these Born Globals and how they influence their markets since they tend to be relatively new in their industries. Our type of study would not have given significant proof to the findings claimed. A wider range of companies ought to be considered and several market reactions studied over an acceptable period. Secondly, the role of technology leapfrogging in emerging economies and its influence over Born Globals ought to be investigated for a more concrete evidence of our claims. We find a huge gap in literature relating to this notion that we believe would be a rather interesting field of study.

Even though our study identifies these two areas, we still believe that there is much more to investigate concerning Born Globals from emerging markets. Therefore, we call upon all researchers to take interest in developing this field. Moreover we consider it interesting to make further research on born global firms from emerging economies making studies of Born Globals from emerging economies taking into consideration the industry of the firms.
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Appendix

The Case Study Protocol

Introduction

Purpose

The purpose of this study is to investigate and gain a deeper understanding of the factors influencing successful operations of Born Global firms from an emerging economy context. The emerging market perspectives of the born global phenomenon have not been well researched on, given the prevailing literature on the subject. Therefore our study will seek to explore the factors that influence their success in the global scene and further contribute to current literature surrounding this subject.

Research Question

What are the factors influencing Born Global Firms from emerging economies to successfully internationalize?

Theoretical Framework

We have selected the factors we consider to have a relatively high positive influence on the early internationalization of born global firms from emerging economies. The five factors highlighted in the model (figure 1) are; strategic management, technology, markets, product differentiation and networks. We regard these variables as the main success factors for Born Globals from emerging economies; we consider them to influence this type of firms in a unique way that facilitate and enables Born Globals to achieve a successful early internationalization.

Data Collection Procedures

Names
Company A - Ki-An. The interviewee was Mrs. Irma Jiménez Cruz, who is one of the co-founders as well as the current General Director of the company.

Company B – Sproxil. The interviewee was Mr. Alden Zecha, who is the Chief Finance Officer and Strategist, as well as one of the co-founders of the company.

**Data collection Plan**

The data collection will be using hybrid strategies in which multiple sources of evidence are used. For this study we are using two types of data; primary and secondary. As primary we will be using a semi-structure interview. As secondary data we are using documents submitted by the companies, media articles and other public information found on the Internet.

**Outline of the case study report**

The empirical findings will be presented individually, first all the empirical findings from company A and then the findings from company B. The empirical data should follow the same structure for both cases. The structure for presenting the empirical data is the following:

1. Company Profile
2. Empirical findings
   a. Strategic Management
   b. Technology
   c. Market Orientation
   d. Product Differentiation
   e. Networks

**Case Study Questions**

1. When and where was the company founded?
2. How unique would you consider the company’s offering product to be?
3. What criteria were used for selecting the international markets where the company has already entered?
4. What type of markets do you target?
5. What were the main challenges of internationalizing into these new markets?
6. At what stage was the idea to be an international brand conceived?

7. What would you consider to be the most important factors that have led to internationalization success?

8. How would you rank technology’s role in the company’s success?

9. What type of experience and skills do the founders have and do would you attribute the company’s success to these skills?

10. Would you consider the role of personal networks to be important?

11. What strategies do you use to meet international customers’ needs in a timely manner?

12. What strategies do you plan to adopt in staying ahead of competition or potential threats to your product?

**Evaluation**

The evaluation of the case studies will be done through an analysis where the theory given on the conceptual framework will be compared with the behaviors of the companies.