Born Globals and their Strategic Behaviour

- A case study of small and medium sized companies in a global business environment

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Abstract

A lot of research has been done concerning the internationalization process of companies. However, researchers have identified a new type of firm that is leapfrogging and is operating internationally right after inception. These companies are Born Globals. We are interested in this trend and the purpose of this research is to understand the strategic behaviour of Born Globals. Therefore, we have done qualitative research on these companies and we will focus on their pre-internationalization steps, their key drivers and their relation to the home market. We have found three case companies, who have helped us in our understandings and we have made several conclusions, regarding their strategic behaviour.

Keywords: Born Globals, Strategy, Internationalization Process, Speed, Key drivers, Entry Mode and Entry Node, Market Selection and Home Market
Summary

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Course: Master Thesis in International Marketing 45-60 credits, spring semester 2012

Keywords: Born Globals, Strategy, Internationalization Process, Speed, Key drivers, Market Selection and Home Market

Purpose: The aim of this thesis is to describe, analyse and identify the strategic behaviour of Born Globals.

Methodology: We have used qualitative research and developed semi-structured interview guides for the three case companies.

Conclusions: Being a Born Global is a realized strategy, this is achieved by having an intended strategy towards internationalization and an emergent strategy to react on the opportunities.
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1. Introduction

In this chapter, we will explain why we have chosen this thesis topic, the importance and relevance of Born Global companies and we will give background information on the important theory. Furthermore, the research problem, the research purpose and an outline of the thesis will be presented.

1.1 Background

During the 1950s and 1960s, most researchers had set their focus on larger multinational firms that were expanding and producing under the economies of scale. These firms were seen as important as they were the key drivers of the economy. However, in the 1970s and 1980s there was a shift and in many countries smaller firms gained more power and obtained a competitive advantage over larger firms (Rennie, 1993). Small and medium sized enterprises (SMEs) are more flexible, have better abilities to specialize and can be cost efficient as well. According to Meyer and Skak (2002), SMEs are shaped by the domestic environment, thus their technological and managerial capabilities are formed by the culture and institutions. In the 1990s, researchers found a new field of interest, namely Born Global firms, identified by Rennie (1993). However, in other literature they are also called ‘International New Ventures’ (Oviatt and McDougall, 1994), ‘Instant Exporters’ (McAuley, 1999), ‘Instant Internationals’ (Fillis, 2001) or ‘Global Start-ups’ (Oviatt and McDougall, 1995). These are the kinds of companies that are focusing on doing business abroad, almost directly after inception. More and more research shows that this is a new kind of internationalization, because this concept is not in line with the traditional stage model of internationalization. Traditionally, companies chose a stepwise entry into foreign markets and first strengthen their market position, before moving to a new market (Johanson and Vahlne, 2009). Born Globals do not follow this process and can be found in many markets, only shortly after inception (Pock, 2010).
1.1.1 History of Born Globals

Trading across borders has been done by companies for centuries now and almost always had the same reasons, namely gaining profit and achieving a favourable market position. Looking back into the history of trading houses like the East Indian Company, which was founded in 1600 in London and the American cotton traders formed in the nineteenth century. Moreover, the Ford Motor Company established in 1903, they all started their global businesses early. Therefore, they can also be identified as Born Globals, according to Oviatt and McDougall (2005). Furthermore, Gabrielsson and Kirpalani (2012) mention the Finnish Vaisala Corporation founded 1936 as an early Born Global and according to Harryson (2006) a Danish firm called Bang and Olufsen established in 1936 is a Born Global as well. These companies did not focus on the domestic market while starting up their business. Born Globals “begin with a borderless view of the world and develop the strategies needed to expand abroad at or near the firm's founding” as stated by Knight and Cavusgil (2009:1). Hence, Born Globals are a phenomenon that is not only from our time. Nonetheless, it became of higher notice during the last years due to the raising number of such kind of firms.

1.1.2 Elements of Born Globals

As previously stated, the name “Born Global“ was introduced for the first time by Rennie (1993) in an article published by McKinsey and it opened up a new area for research. This article reported on a new type of Australian firms that succeeded in the world market without having an established domestic market. Nevertheless, these firms were highly important for the Australian economy, because they account for almost 20% of the national high value-added manufacturing exports (Rennie, 1993). Lehmann and Schlange (2004) stated in their study that one quarter of the companies included, went abroad for doing business directly or shortly after inception. This did not go in line with the traditional internationalization theory existing at this time based on research conducted by Johansson and Wiedersheim-Paul (1975) as well as Johanson and Vahlne (1977). According to the Uppsala model, companies would start with their internationalization process after implementing a successful position in the home market and by doing exports into markets with less psychic distance. This does not apply for companies which step quickly after inception into foreign business, no matter if the markets are of high or low psychic distance. According to Kudina et al. (2008), the necessity for foreign ventures arise if the domestic market
is inadequate for the demand of their products or services. Hence, it leads to an internationalization process of the company almost immediately after inception. As mentioned by Rasmussen, and Madsen (2002), Global Start-ups do not merely react upon possibilities in the global markets, but they are very active internationally to gain resources and to get access to markets. Moreover, according to Oviatt and McDougall (2005), four elements are necessary for the existence of Born Globals “(1) organizational formation through internalization of some transactions, (2) strong reliance on alternative governance structures to access resources, (3) establishment of foreign location advantages, and (4) control over unique resources”. Furthermore, stated by Andersen and Wictor (2003) as well as Knight, Madsen and Servais (2004), companies are defined as Born Globals if they have reached at least 25% of foreign sales within 2 to 3 years after their inception. They can be identified on some key driving factors which are according to Gilge (2008) size, geographical distribution, overseas branch and foreign activities as well as export behaviour. In addition, Holtbrügge and Enßlinger (2004) also pointed out key factors which are speed, geographical spread, products and services, international oriented management, networks, small size and industry classification. Attention should be paid to the key factor “speed” which is used by several authors in different ways as Gilge (2008) explains.

1.1.3 How do Born Globals differ from other companies

Born Global companies exist in a variety of industries and are mainly located in niche markets. In these markets, the technology of the company is usually difficult to copy and imitate which offers Born Globals a competitive advantage as stated by Taylor and Jack (2012). Moreover, Rialp et al. (2005) argue that the competitive advantage of Born Globals is built on the ability to be highly flexible, in order to adapt the products to the changing requirements by the customer. As they argue, younger and resource-poor firms tend to favour export as their primary entry mode, because of the high degree of international business opportunities and the strategic flexibility that it offers. It ensures flexibility and the ability to adopt faster to new environments and to be more cost-effective, which is something very critical. A Born Global will choose a lead market rather than a market that is similar to the home market. This is to enhance the commercial success of their products. In addition, Gilge (2005) mention that it is typical for Born Global companies to come with a highly internationalized management which has gained previous international
experience, is able to speak different languages fluently and possesses practical foreign experience. Additionally, of high importance with Born Globals is a very diversified network where the products can be sold directly to the foreign market. Furthermore, a successful established and developed network is of importance for the company’s success abroad, but also for the growth of the firm. As mentioned by Kudina et al. (2008), local networks and their implied knowledge are another trigger for a global competitive advantage. In this case, trust plays a major role with building networks and being successful in foreign markets. Trust helps to build up long-term business relationships and can lead to new business opportunities for the company. An effective use of networks, internally as well as externally, relates therefore to the success of the company. Moreover, not only the importance of trust but also personal relationships, a lack of fear as well as social capital are relevant for the successful internationalization process of companies, as stated by Kudina et al. (2008).

1.2 Strategy

A strategy can be seen as a bridge between the presence in which a company is situated right now and the future where it aims for. Grant (2011) refers to a linkage between military and business strategy, therefore his definition of strategy implicates the following: “an overall plan for deploying resources to establish a favourable position“ (Grant, 2011:14). Moreover, he states that strategic decisions are of importance, they contain a considerable commitment of resources and are not easily reversible. Additionally, Gorman (2006) claims that the core of a good strategy has to be feasible, in accordance with the resources and skills of the business. This means that there is a clear competitive advantage of the company and the business activities must be in line with the external competitive environment. Furthermore, Porter (youtube.com, 2012-05-23) argues that the essence of strategy is being unique by adding value to the customer which other companies in the same business are not doing and consequently gaining a competitive advantage. Therefore, the outcome of a strategy should be the competitive advantage that a firm gains over its competitors as this will lead to sustainability of the firm.

1.2.1 Kinds of Strategy

Mintzberg (1978) distinguishes between different kinds of strategies, namely the intended, emergent, deliberate and realized strategy. Figure 1 shows the relation between these four
different kinds of strategy. Moreover, in order to give a better understanding of the term strategy, we will give a short overview of each kind.

**Intended strategy**

Intended strategy is the planned strategy by the top management of a firm, which is the result of negotiations, bargaining and compromise between all the parties involved in the process, as argued by Grant (2010). This kind of strategy is a designed strategy to guide the behaviour of an organization as stated by Grant (2010). However, some parts of the intended strategy will stay unrealized, since a strategy is the adaptation to the environment and not everything can be encountered for.

**Emergent strategy**

Emergent strategies are, according to Mintzberg (1978:945), the kind of strategies which were never intended because of the fact that “no strategy was intended at the outset, ..., those that were got displaced along the way; these may be called emergent strategies”. Therefore, an emergent strategy is the adaptation by individual managers to the changing circumstances of the external business environment, in combination with the interpretation of the managers, regarding the intended strategy of the top management as argued by Mintzberg and Waters (1985).
**Deliberate strategy**

Deliberate strategies are distinguished by Mintzberg (1987:13) as “intentions that existed previously were realized, from emergent strategies, where patterns developed in the absence of intentions, or despite them (which went unrealized)”. More precisely, a deliberate strategy is the realisation of previous intentions, (Mintzberg, 1987). Furthermore, the emergent as well as the deliberate strategy are not dependent on each other. While intended strategies can become unrealised, emergent strategies can come up spontaneously (Leitner, 2007).

**Realized strategy**

Mintzberg (1978) sees in the realized strategy, the actual strategy that was implemented within the firm. This actual implemented strategy is only partly related to the intended strategy, formulated by the top management. According to Grant (2010), only 10% to 30% of an intended strategy is going to be realized, the rest will not be feasible anymore, because of the changes in the environment.

**Non-realized strategy**

These strategies are stating the intentions a company used to have but which were never realized (Leitner, 2007). Factors for not realized intended strategies can be rooted in different reasons like for example changed company plans or financial issues.

**1.2.2 Relevance of strategy on BornGlobals**

During the past decades, a lot of research has been done concerning Born Global firms. According to Rennie (1993), there are two reasons why Born Global firms are important. Even though these firms are small, they have the benefit of being competitive against larger established firms and they manage profitability by a fast-growing global system. These kind of SMEs are important for the industrial development. In order to be successful abroad, a major aspect for Born Globals, apart from high foreign sales and well-structured networks, is the importance of having a “well defined strategic orientation”, as argued by Knight and Cavusgil (2009:41). They explain furthermore, that firms are on a high risk level of failure if they have not developed any strategic orientation. Additionally without having a strategy the performance outcome of a company is quite poor which Porter (1985) explained as a stuck in the middle situation.
Therefore, a strategy is of relevance for such global players, because it offers them a competitive advantage to out-compete their counterparts. Furthermore, the future aspect of strategy is highly related to time and key variables like people, macroeconomic shifts, client changes as well as technology (rishadt.wordpress.com, 2012-04-20).

1.3 Research Problem

The given explanation of strategy mainly refers to strategy as an intended process which seems to be the primary approach by researchers found in the literature. However, today’s fast changing business environment makes it difficult for firms to plan for a longer run. The financial crisis, for example, could not be foreseen and hit companies unexpected. Therefore, it makes it necessary for firms to react on emergent factors. Mintzberg (1978:934) states that a strategy is “a pattern in a stream of decisions” which are necessary guidelines to influence decisions of a firm in the future. He added that making a strategy is about changing perspectives (Mintzberg, 1987). Looking from a different perspective on Born Globals, we could state that being a Born Global is already a strategy. More precisely, it is a strategic behaviour that a firm shows. By taking this into account, we want to find out if the internationalization process of firms is intended by the company’s management or is it driven by a high degree of serendipity as identified by Meyer and Skak (2002). Hence, we find that there is a gap in research focused on the strategies that Born Global firms follow. To our knowledge, most literature is focused on defining the concept and identifying firms and their characteristics. Often there is a look for the similarities and dissimilarities with internationalization models. Additionally, there is not a lot of information available regarding the home market aspect of a Born Global firm and the liabilities these firms face during the early phases which has an influence on the strategy. Therefore, the aim of this research paper is to identify the strategy of Born Globals in the early stages and factors that made it possible for these kind of firms to move abroad. Hence, we will raise the following research question:
1.3.1 Main Research Question

Is becoming a Born Global an intended or emergent strategy?

1.3.2 Sub-Research Questions

In order to answer our research question, we have developed the following sub-questions that will give a better understanding of the internationalization strategy of a Born Global.

**What prior actions were taken before going abroad?**

In order to understand the internationalization strategy, we are interested in the actions that the firm took before expanding the business. We would like to find out whether there is a straightforward plan or if the firm identifies opportunities and acts upon them.

**Which key drivers made it possible to move abroad?**

For most firms it is very challenging to move abroad without any support or experiential knowledge. Therefore, we are wondering which opportunities arose and how important the network is. Additionally, we would like to know how they gained knowledge and how they overcome the disadvantage when there is a lack of knowledge.

**What do Born Globals define as their home market?**

The interest in the home market comes from an article by Persinger, Civi and Walsh Vostina (2007) who stated that a Born Global does not necessarily need to have the same home market and market where it is located. Thus, a Born Global can be founded in one country, but does most of its business in another country and therefore, the other country can be seen as the home market. We believe this has an influence on the strategy of the firm.
1.4 Research Purpose

The aim of a research is to study a topic where a less amount of research has been done before. Born Globals are of growing interest in the researchers field and we believe there is a gap in the literature on how they develop their strategy as well as how they behave. Therefore, the research purpose of this paper is to identify the strategy of Born Globals as well as to describe, analyse and identify the strategic behaviour and factors that made it possible for these kind of firms to move abroad. We take into consideration, the speed that these kind of companies expand with, the how they select the markets they enter and through which methods they use it. We have taken a strategic point of view and would like to understand what makes it possible for Born Globals to be an international venture.

1.5 The outline of the thesis

This thesis consists of eight chapters including the appendix and reference list. In this part, we will give a short overview of each chapter as well as a guideline on what will be presented and discussed.

In the first chapter, the introduction, background information is given on Born Globals and strategy. This is to give a better understanding to the reader on how we have developed our main research question. Furthermore, the research problem and research purpose is presented.

In the second chapter, the Theoretical Framework, an overview of the theory that we have used will be given in order to present a perspective on how we viewed the problem. We will start by giving the traditional internationalization models. Furthermore, we will move on to the more recent findings on namely Born Globals. Lastly, we will present the strategy and strategic behaviour.

In the third chapter, the Methodology, the approach on how we have collected primary and secondary data will be described. Additionally, an overview will be presented on how the case companies and the interview were structured. Furthermore, we will discuss how we handled the research quality aspects, namely reliability and validity.
In the fourth chapter, the Empirical Section, we will describe the three case companies and give an overview of the findings from the interviews.

In the fifth chapter, the Analysis, the empirical findings are compared to the theoretical framework. We will analyse the findings from the three interviews and hold them against the relevant theory. The chapter ends with an overview of the findings and the main research question will be discussed and answered.

In the sixth chapter, the Conclusion, we will present our final findings that we have made regarding the research problem. This chapter ends with the business implications and gives further research suggestions, that needs to be done in this field.

2. Theoretical Framework

This chapter will give an overview of the theories that we have used, it gives a framework of what we found relevant for working on this paper. Since interpretation is a complex issue and of essence to write a paper, we will show how we perceive the following subjects.

2.1 Traditional Internationalization Process Model

There are several theories, which focus on the traditional way of going abroad and doing business internationally. Since they are of relevance for this paper we will discuss these theories and methods in the following sections.

2.1.1 Internationalization Theory

Internationalization is a process whereby there is an increase in the involvement regarding international operations abroad (Melin, 1992). For many companies it is essential to move abroad to gain more market share, which can be essential for survival. As to such, a lot of research has been conducted regarding internationalization and one of the most well-known models is developed by Johanson and Vahlne (2009). Additionally, another model will be discussed to the different stages of internationalization, mentioned by Sandberg (2012).
The Uppsala Model

One of the internationalization models is developed by Johanson and Vahlne (2009) originating from the 1970s, which is based on an establishment chain. Firms develop experience by doing business in the home market and gradually expands its business. Initially, a firm starts to work with foreign agents, hereby a firm creates experience and knowledge of this specific market and will gradually replace their agents with their own sales organization. Learning is a gradual process, based upon experiences and firms will commit themselves more, as they have more knowledge. Often these firms start to export to countries which are close to their domestic market in terms of psychic distance. It is explained as the factors that make it difficult to understand foreign environments (Johanson and Vahlne, 2009). This view of internationalization also consist of different types of experiential knowledge, there is societal, network and internationalisation knowledge which influences the decisions that a firm takes, according to Hilmersson (2012). The societal knowledge consist of the understanding of religion, politics, culture and business mores of a specific country. Network knowledge embodies the customers, competitors, suppliers and intermediaries. The internationalisation knowledge contains knowledge on international business, organizing and expanding. Knowledge is created through a knowledge platform of the confrontation between business partners. Relationships are essential and it can take up to five years to develop a trustworthy business relationship, which in turn leads to a specific knowledge creation which needs to conduct business in a specific market, according to Johanson and Vahlne (2009).

Additionally, these different stages are necessary to overcome the obstacle of foreignness and previous experiences are expected to decide the path a firm takes. Furthermore, the more knowledge the firm has about a specific market, the higher the commitment to this market will be. Moreover, risk and uncertainty are interrelated according to Johanson and Vahlne (2009), meaning that the higher these levels are, the less likely a firm will internationalize or postpone the activities. This is shown in the following figure 2. In addition, this model indicates that companies tend to establish themselves in markets that are similar in culture and geographically close.
The Stage Model of Internationalization

Another model is described by Jansson and Sandberg (2008) as the stage model and it explains the different steps a firm gradually takes to expand its business. This stage view consists of five different stages, each has its own degree of internationalization. The first stage is the domestic market focus, whereby the firm sole interest is on the domestic market. The second stage is called the pre-export stage and the firm started to look for information about the possibilities for export activities. This in turn leads to the third stage, experimental export and export is occurring on a small scale, the physical and cultural distances are limited. The following stage, the active involvement stage, there is a systematic effort to increase sales through export and the organizational structure adopts to support the export activities. Lastly, in the committed involvement stage, the firm is highly dependent on the foreign market and is also very committed (Jansson, 2007). These steps can be found in figure 3.
2.1.2 The Network Approach

This theory was chosen because in the process of internationalization, a network is important and in accordance with the case study by Zucchella (2005), most Born Global firms use a network to enter new markets. By understanding this approach, it will give a better view on the abilities for a Born Global firm to expand its business and to understand the speed at which Born Global firms internationalize. As mentioned by Hilmersson (2011), no business is an island and the business network need to be understand. This will help to get a better view on the Born Global firms and the importance of their network to internationalize.

*The importance of a Network*

For smaller firms, a network can be critical for survival and for the growth of the firm. A network enables the exchange for the needed knowledge to enter a new market as well as resources and distribution channels for a good performance. Most SMEs have a lack of resources and in order to be able to respond to arising opportunities, they can gain information and support from the network. Thus, it provides a knowledge-pool, which supports smaller firms to pursue business opportunities (Meyer and Skak, 2002). Within a foreign market network, it is about building a position and not specifically about entering a specific country. The country borders are of non-existence in this view and a network helps a firm to establish, develop and maintain international
business relationships which in turn helps a firm with its internationalization process in order to get access to resources and channels for a well performance (Knight and Cavusgil, 2009).

Additionally, a network also influences the internationalization process, according to Meyer and Skak (2002). An entry in a new market is triggered by the contacts within the networks which often occur coincidental. A network has its own resources and capabilities that are shared amongst its members and enhanced through the shared learning processes within a network. Furthermore, a network is able to expand through the shared international activities as well as it has an influence on a firms entry strategy.

*The Structure of a Network*

Networks are established because it is very difficult for a company to be self-sufficient and firms are dependent upon other companies to gain a competitive advantage. Within a network, relationships are important, since markets are viewed as networks and within this, the business practices take place through relationships. This makes it a social system, in which economic activities can be found. Hence, it leads to the importance of a relationship and the different stages of the relationship (Sandberg, 2012). The business relationship comes with different stages, each stage leads to a wider experience, in which it is required to make and adopt to the changes. Additionally, there is the liability that some of the members might not be committed enough and only benefit from the network, but do not participate well enough. A firm moves up on the internationalization process by establishing more relationships in international markets, according to Jansson and Sandberg (2008). Furthermore, relationships are established in different ways and the way they are maintained varies in the different networks. Thus, network relationships are established, which leads to a gradual process of building new relationships and internationalization. This can be seen in the Five/Five Stages Model by Jansson and Sandberg (2008) in figure 4. The model also encompasses several relationship factors, such as how experience, commitment and adaptations of the parties increase and how eventually the distance and the uncertainty between the parties will diminish. By establishing more relationships abroad, the firm moves further up along the process, according to Sandberg, (2012).
Furthermore, relationships within a network generate social capital for international new ventures, according to Coviello (2006). Moreover, as networks exploit the relationships for growth, it could make firms path dependent and follow the flow of a network. This can make it more difficult for firms to move on its own. Nevertheless, for SMEs a network could be a step up for the internationalization of the company. However, it is important to stay flexible and continuously monitor the dynamics of the network to identify new business opportunities (Meyer and Skak, 2002).

### 2.1.3 Foreign market entry process

Companies can enter foreign markets in different ways and time spans, whereas the question comes up of what is the best way. Managers have to choose carefully between six foreign market entry modes in order to saturate the target market: exporting, turnkey projects, licensing, franchising, joint venturing or establishing an own subsidiary in the target market as explained by Hill (1997). Furthermore, by entering new markets, Sandberg (2012) points out that the need for companies to consider, among others, the allocation of resources, country policies, the need of having goals in the favoured market as well as the possibility to monitor the performance. Nonetheless, globalization and the improved communication systems as well as more harmonized...
markets around the world, lead to faster and easier ways of entering a market (Sandberg, 2012). The entry process of a firm is related to “how relationships are established and maintained with actors of importance to the firm” as Jansson (2007) argues. Therefore, a realized foreign market entry is related to one or more exchange relationships in a foreign market (Sandberg, 2012). Hence, long-term and stable relationships will offer the company the possibility of achieving a position in a new foreign business network.

*Entry mode and entry node*

Born Globals face a complex competition when entering new markets. Hence, in order to find the customers in the targeted markets, they have to use networks as well as a variety of different market entry modes (Solberg, 2012). Therefore, an important aspect for a company when entering a foreign market is its choice of entry mode. Furthermore, Solberg (2012) states that this important decision determines also parameters like the usage of managerial and financial resources, the financial risk as well as the possibility to control and monitor the firms activities. Accordingly, Sandberg (2012:33) discusses that the “entry mode is an organizational structure of how a firm establishes itself in a foreign market.” Therefore, the entry mode is linked to the method a firm is using from the beginning of the foreign market entry as argued by Jansson (2007). Such types can be joint ventures, subsidiaries or business alliances with agents or distributors in the target market. Additionally, Solberg (2012) identified entry modes with a lower grade of commitment which seek more realistic for Born Globals such as among others franchising, licensing or sales subsidiaries. While networking is the driver of internationalization, Born Globals choose their foreign market entry mode according to their already existing market knowledge, as well as the knowledge which is supplied through their network, as Sharma and Blomstermo (2003) argue. In order to gain new market knowledge or to increase existing market knowledge network relationships gained due to entry modes are of high importance for a foreign company.

On the other hand, the different establishment points or routes that a firm can choose from in order to enter new markets, are defined as the entry nodes (Jansson and Sandberg, 2008). Additionally, nodes can be seen as threads linking different units together, which is similar as to build a relationship between units (Sandberg, 2012). By taking the network perspective, the entry
node is very important and can be more relevant to focus on when a firm establishes themself in a foreign market according to Sandberg (2012). Furthermore, the entry node relates to the way how the firm sells their products to their customer in a foreign market. It can be done on a direct or indirect channel as Jansson (2007) argues. The entry node therefore is the connection between the firm and the foreign market network which can take place on a direct, dyadic way or an indirect, triadic way according to Jansson (2007).

**Triads and Dyads**

Jansson and Sandberg (2008) point out the critical existence of relationships for companies while entering a foreign market. Especially small and medium sized companies which have the liability of foreignness are dependent on direct relationships with their customers or dyads as they argue. Moreover, since Foreign Direct Investments (FDI) are out of SMEs financial scope, indirect relationships explained as triads are also a common approach for foreign market entry (Jansson and Sandberg, 2008). Since the choice of entry node is affecting the performance of the company there are two kinds of entry nodes to mention, namely, triadic and dyadic.

**Triadic relationships**

Indirect relationships or triadic entry nodes include an intermediary which leads to the location in the home market or in the host market as Sandberg (2012) argues. Triadic relationships are mainly used for overcoming the liability of foreignness an SME faces by entering new markets. Especially, language barriers make it hard to get in contact and communicate to the right people which slows down or endanger the successful market entry of the company. Therefore, indirect relationships relate to building up strong network ties which are highly important for the company’s success in the foreign market. Hence, this entry node is done through a network the company has established and takes part mainly through the involvement of export agents or other middlemen. Triadic ways of entering a foreign market are possible due to the home market, which is the least committed entry process, as Sandberg (2012) argues. Nonetheless, she also points out a main problematic of acting in a triadic way by doing business is the usage of middlemen. Due to this entry node the company narrows the possibility of gaining experiential foreign market knowledge, because of an indirect or non-relationship to the end-customer. Nevertheless, when starting with an international business the most preferable approach seems to
be the usage of an indirect approach in case of reducing the perceived risk for the firm as described by Johanson and Wiedersheim-Paul (1975).

**Dyadic relationships**

A dyadic relationship represents the direct tie to the customer in the foreign market. This relationships offer the opportunity for long-term as well as more deeper customer relationships as stated by Sandberg (2012). Furthermore, Anderson et al. (1994:1) argue for the high “interest of dyadic relationships between firms”. Moreover, these direct relationships between buyer and seller offer the possibility of gaining more experiential market knowledge on a faster and straightforward way in this business relationship. Therefore, another positive aspect of acting in a dyadic situation is the possibility of getting access to the customers wider network due to an indirect or triadic approach as argued by Sandberg (2012). Furthermore, the relationship between both parties can have also an innovative effect since each party is in the position to learn about the other’s resources and probably find better or new possibilities of using them as Anderson et al. (1994) argue. Moreover, they argue that working in a dyadic relationship offers a cooperative way of learning. This leads to a raise of benefits each of the party could not get on their own. Hence, business networks are of high importance, because they are the bridges into foreign markets.

**Market selection**

With the traditional internationalization models market selection is an important aspect. While going abroad the companies have to keep in mind several distance factors. One of this is psychic distances which leads to differences in language, culture, education and business practices. This can be overcome through having experiential knowledge and continues learning that has to take place (Melin, 1992). According to Melin (1992), physic distance could disturb the flow of information between the firm and the market, thus influencing the business activities. O’Grady and Lane (1996) view psychic distance as a result from cultural as well as other business differences and difficulties according the degree of uncertainty a firm has regarding a foreign market. Hence, cultural differences and business difficulties are therefore in their point of view barriers which hinder firms to learn about a market and to hamper doing business in this markets.
Additionally, large geographical distance inhibits the foreign market entry process of a firm and has therefore the same effect as psychic distance as argued by Ojala and Kontinen (2010).

Nevertheless, psychic distance is determined by cultural distance and based on the individual values of a company’s manager according to Souza and Bradley (2005). They argue “Psychic distance is based on the individual’s perception and should be assessed at the individual level.” (2005:15). Moreover, Johanson and Wiedersheim-Paul (1975:308) defined psychic distance as “factors preventing or disturbing the flows of information between firm and market.” Such factors can be among others differences in political system, culture, language and level in industrial development. Nevertheless, Souza and Bradley (2005) argue that psychic distance is mainly coming up in the head of managers and companies need to provide suitable conditions in order to decrease the psychic distance of managers regarding foreign markets.

2.2 International Entrepreneurship: Born Globals

The upcoming of Born Globals arises due to the globalization of markets, which makes it common for companies, even if they are small, to operate worldwide (www.ehow.com, 2012-04-22). This is because of the increasing number of niche markets, the smaller firms are often specialize, in order to meet the customer needs and to stay successfully competitive against their larger counterparts, as stated by Gabrielsson and Kirpalani (2012). Moreover, they also point out that the improvements of market conditions can be seen as one trend, amongst others, why Born Globals become more and more common. Hence, it is because of the advanced development in technology, the better capabilities of developing people and firms as well as the conditions a firm faces on the home market.

In order to delimit Born Globals from traditional SMEs, we decided to have a particular closer look on the relevance of the home market for Born Globals and the benefits for these companies to be global. Moreover, we will give our definition of Born Globals, in order to ensure a congruent understanding of the topic between reader and writer. Lastly, we will link it to international entrepreneurship and the factors making Born Globals possible.
2.2.1 Definition

The Born Global firm has the attention of many researchers as these kind of firms are able to compete against the larger established players, they see the world as their playground, they are very entrepreneurial, leading to innovation and are not afraid to take risks (Liesch, Steen, Middleton and Weerawardena, 2007). As mentioned in chapter 1, there are several names found in the literature, according to the rapid internationalization of small and medium sized companies. The main terms that are being used of these kind of companies are “Born Global” or “International New Ventures” as stated by Pock (2010). Therefore, it is not very surprising that there is a variety of definitions for Born Globals as well. Hence, it made it necessary to come up with a suitable and consistent definition for this paper. We lean our understanding of Born Globals in this paper on the definitions developed by Oviatt and McDougall (2005) and Knight and Cavusgil (2005). Accordingly, we define Born Globals as companies which either go directly or shortly after their inception abroad, in order to get an outstanding “competitive advantage from the use of resources and the sale of outputs in multiple countries” (Oviatt and McDougall, 2005). We also include the approach of Holtbrügge and Enßlinger (2005) which names companies as Born Globals if they act in a minimum of two cultural clusters or geographical regions. Furthermore, we also adopt the fact that firms are Born Globals if they possess at least 25% of foreign sales as mentioned by Gabrielsson and Kirpalani (2012).

2.2.2 A Born Global perspective

A firm does not easily transform into an Born Global, there are many factors determining the firms potential. Kudina et al. (2008) identified the following three factors which are important for the owner of a firm to decide whether to internationalize in the early phase or not. Firstly, the conditions of the market that will be entered as a global network and the needs of the buyers make it easier to enter the market, as well as by following the customers to a new market. Secondly, the technological development makes it easier to communicate and it makes e-business possible. Additionally, the fixed costs tend to be lower, this makes smaller projects more profitable. Lastly, the learning development, gaining knowledge from networks will result in the development of new products, thus be more innovative. Furthermore, a Born Global is successful in internationalization because of their unique advantages, for example, the technology and patents, their product, the multicultural team and the global vision of the entrepreneur
(Kandasaami, 2004). A global vision focusses on psychic distance, objective and subjective managerial characteristics and the attitude towards exports. Additionally, for Born Globals, a network is very important since it can give information on markets and build on their internal capabilities by gaining knowledge which could be essential for their research and innovation activities as well as for their marketing and production activities. Many Born Globals also act as an original equipment manufacturer or collaborate with larger multinational corporations and are able to use their network, which gives them the opportunity to use the bigger brand names and grow internationally according to Liesch, Steen, Middleton and Weerawardena (2007).

2.2.3 Types of Born Globals

In the 1994 published paper ‘Toward a theory of international new ventures’ Oviatt and McDougall sub-divided international new venture (Born Global) companies into four categories. They distinguish the different types of new ventures by the number of entered countries and the number of coordinated activities abroad. The different types of Born Globals identified are new international market makers which they split into export/import start-ups as well as multinational traders. Moreover they further argue for geographically focused start-ups and global start-ups.
Export/Import start-ups
According to Oviatt and McDougall (1994) export/import start-ups are focused on trading in only a few markets, namely the markets the entrepreneur is familiar with. Moreover, Baum et al. (2012) state that export/import start-ups and their success rely on the capability to identify as well as react on upcoming opportunities right before the company faces increased competition. Therefore, for this kind of Born Globals, a strong learning orientation is of relevance (Baum et al., 2012).

Multinational traders
Multinational traders, however, are acting in a variety of countries and are looking on a continually basis for new business opportunities in new or existing foreign markets as argued by Oviatt and McDougall (1994). Hence, in order to manage the multiple international engagement, multinational traders come along with previous international experience as Baum et al. (2012) stress.

Geographically focused start-ups
Going further in the types of Born Globals, Oviatt and McDougall (1994) introduce also geographically focused start-ups. This type of international firm usually trade with knowledge intensive products and services, but is only focused in a special geographical area by using foreign resources, as highlighted by Oviatt and McDougall (1994). Furthermore, geographically focused start-ups have to have a high knowledge base since they are handling highly specialized needs. Due to their restriction “to the location of specialized need” (1994:58) and the fact of having a knowledge-intensive product they differ from multinational traders. Since geographically focused start-ups have to coordinate more than just the in- and outbound logistic, they also differ from export/import start-ups. This results in a competitive advantage because of the ability to coordinate the value chain activities as Oviatt and McDougall (1994) state. Moreover, a competitive advantage grows due to the knowledge intensity usage and mobility which offers the firm more flexible growth opportunities as argued by Baum et al. (2012). Additionally, this kind of Born Global faces a high risk on product piracy as well as illegal copying. Therefore, and in regard to protect the important product knowledge, but also operate
internationally geographically focused start-ups are only operating in a few markets as Baum et al. (2012) explain.

Global start-ups

Global start-ups are seen as the most difficult type of Born Globals (Oviatt and McDougall, 1994). They have not only to respond to the foreign markets, but also need to come along with a more proactive approach, in order to get access to new resources and sales positions in a geographical unlimited area. Furthermore, Baum et al. (2012:40) also argue that this kind of Born Global comes along with a “high scale and scope of international activities”. Additionally, this leads to the fact that global start-ups are higher committed to the foreign markets as other types of Born Globals and hence face higher risks. Nevertheless, they also state if such a Born Global is once successfully established it shows the most effective competitive advantage of all Born Global forms. This results from a “combination of historically unique, causally ambiguous, and socially complex inimitability with close network alliances in multiple countries” (Oviatt and McDougall, 1994:60).

2.2.4 Relevance of Home Market

Gabrielsson and Kirpalani (2012) mention the size of the home market as an significant condition for the probability of companies venturing their business abroad. Smaller home markets with open economies like Ireland, Sweden and Switzerland, that have limited resources, raise the possibilities for Born Global companies as argued by Leonidou and Samiee (2012). SMEs in these countries often leapfrog the home market and skip steps in the internationalization process, by going abroad after inception (Liesch, Steen, Middleton and Weerawardena, 2007). Nevertheless, not only small home markets build the foundation of global operating companies.

Lee W. Huebner, Publisher of the International Herald Tribune stated once (1985:36) “Our home market is the world.” He reasoned his statement by pointing out that the newspaper is global in its distribution as well as in its news coverage. The Herald Tribune always had offices in Europe and Asia through which they are delivering the newspaper around the world. If we compare this point of view to today’s companies business it is not possible to adopt this approach to Born Global companies? We have recognized that there is quite a significant amount of literature on
Born Global addressing this topic, Rasmussen and Madsen (2002) state that the home-market of a global firm is not where it was founded, but in the market in which the founder feels comfortable and operates in. Additionally, Harryson (2006) identifies the Swedish company Anoto as a Born Global and states that this firm did not have a home market. Anoto gained an international position in the early phase due to the help of the early partnership. Which is another chance that makes it possible to skip steps of the internationalization process.

It is also said that Born Globals often do not have a strong domestic customer base or are dependent on domestic suppliers, thus they are not attached to their home market (Liesch, Steen, Middleton and Weerawardena, 2007). Additionally, according to Persinger, Civi and Walsh Vostina (2007) it is very likely that Born Globals are successful in new markets without having an established position in the market where the company is founded. This is something that the traditional internationalization models describe as a crucial factor before going abroad. Nevertheless, Born Globals do not give a lot of attention to their home markets, but do have a global position and all the resources are devoted to the international marketplace.

2.2.5 Characteristics of International Entrepreneurship

Nowadays, it is much more common for small companies to follow a global way of doing business. Entrepreneurship is seen as the engine of economic and social development all over the world, according to Audretsch and Thurik (2004). The growth in globalization has made the market more volatile and dynamic, as it increased the competition. Furthermore, in many countries the regulations regarding the start-ups has made it more accessible to start a new business and the development in technology has made it easier to communicate internationally. Entrepreneurship has a helpful effect on the competitiveness of the market as it creates the evolvement of knowledge and it generates economic growth.

However, as Kirby (2006) noted, ‘not all business owners can be regarded as entrepreneurs, nor are all small businesses entrepreneurial’, this means that an entrepreneur is characterised by innovative behaviour and focuses on strategic management for continuous growth. The role model for being an entrepreneur has been described by many experts and scholars. Harryson (2006), Kirby (2006) and Delmar (2006) state that an entrepreneur needs to be extraordinary and is motivated, prepared to take risks, has a fruitful relationship with the surrounding world and
needs to be achievements orientated but also has to tolerate ambiguity. A leader that dares to be different, is well-educated and has a well-developed social and business network. Furthermore, within the company there should be an environment that encourages initiative and taking risk, there needs to be processes and frameworks that are clear and straightforward as well as the opportunity to share ideas. This is in line with Persinger, Civi and Walsh Vostina (2007), as they state that Born Global entrepreneurs have a high need for achievement in the international market and take more risks, but the entrepreneurs themselves do no find their actions more risky than founding a domestically orientated firm. For Born Globals, it is important to constantly look for opportunities and to be aggressive in the marketplace. Another important factor of a global entrepreneur is to have a strong desire to overcome the structural limitations of entering new markets and to be persistent. The entrepreneur plays an important part when it comes to the internationalization process of a firm and therefore it is important to understand the strategy of the firm (Rasmussen and Madsen, 2002).

Thus, for a firm to become a Born Global, entrepreneurship is a very important factor as their behaviour and knowledge influences the successfulness of the company. When a firm has a global vision, this can be communicated to other companies and therefore a firm first must think global and orientate itself to this, according to Persinger, Civi and Walsh Vostina (2007). Before going international, many things need to be understood, for example, the letters of credit, exchange rate risks and the communication and cultural differences it is important to have prior knowledge on. In addition, when a firm has different locations, different department and activities need to be coordinated and linked to each other to build a strong competitive position in the market. Furthermore, Born Global are often innovative and offer unique products. Therefore it becomes important to educate and persuade the public or industry in using this products mentioned by Liesch, Steen, Middleton and Weerawardena (2007).

2.3 Strategy

Mintzberg (1978:935) argues that a strategy is „a deliberate conscious set of guidelines that determines decisions into the future“. Guidelines follow the aim of flatten processes “according to a set of routine or sound practice” (www.va.gov, 2012-05-01). Since the already and widely
represented thinking of strategy leads to an overall plan in order to get a favourable market position as stated by Grant (2011) it is necessary to have a deeper view on this term.

2.3.1 How a Strategy is formed

O’Gorman (2006) has done research in how a strategy is formed by small businesses. The author argues that a formal planning system is rather uncommon in smaller firms, however, this is also one of the critical issues that a firm must adopt to in order to survive. By developing a strategy, it will be more appealing for other firms to make investments and work together as it makes the company more transparent. As many SMEs have limited resources, business partnerships and networks are established to compete against larger firms (Harryson, 2006). Moreover, a strategy is both an art and a science whereby the external as well as the internal analysis matters (Fabian and Oglivie, 2005). Additionally, the motivation and expression of the firm influences the selection of options and thus the implementation process of a strategy, according to Fabian and Oglivie (2005). In the early phase of a strategy development, there are several factors that influence a strategy, but they cannot be controlled. These factors are chance, initial conditions, necessity, serendipity and inductive strategy making. In addition, they are rare to find, inimitable and obscure, thus it could lead to a competitive and sustainable advantage (Regner, 2005).

Furthermore, Grant (2011) views that most firms combine the intended and emergent strategy. Additionally, Gorman (2006) stated that there are two challenges regarding strategy, namely effectiveness and efficiency. Effectiveness means to ensure that the business is operating accordingly and efficiency refers to do the right thing immediately. Nevertheless, strategy can emerge from the rational analysis of managers as well as through adaptations to environmental circumstances as mentioned by Grant (2011). Hence, Bauer et al. (2011) state that the deliberate strategy is seen as a top-down process while emergent strategy is seen as an output of decisions from middle managers bottom-up regarding the adaptations to the continuous changes of environmental circumstances. Therefore, it can be stated that strategy making occurs through every level in the company, as argued by Grant (2011). The top-management passes their strategies and decisions down the management chain and the managers of the business units need to send their drafts bottom-up as stated by Bauer et al. (2011). Moreover, Mintzberg and Waters (1985), argue for the importance of including all levels of a company in order to find and create
the right strategy on a daily business basis. Within a company, learning and adapting to the changes in the daily business environment is an important approach for a firm.

Internationalization is an important part of an on-going strategy process for many businesses. The strategy process influences the development and change of the international firm regarding scope, business ideas, action orientation and the managerial work according to Melin (1992). In order to gain competitive advantages, a firm must focus on its core competences by having a pro-active strategy making.

2.3.2 Strategy and SMEs

A Born Global is a small or medium sized enterprise that goes global shortly after inception. As we are trying to find out how an SME actually turn into a Born Global, we have chosen to focus on the actions prior to the internationalization of a firm. SMEs are the pillars of the economy as they are often very innovative and customer oriented. Due to their simple and low hierarchical structure these companies come along with some advantages in contrast to multinational companies (MNCs) in the business environment. Nevertheless, there are also some disadvantages they have to deal with compared to their larger counterparts. This will have an influence on the implementation and effectiveness of the strategy.

Advantages

Next to providing positions on the job market, SMEs show several advantages which are important for the economy. SMEs are less rigid and simple, have a low hierarchical structure which offers them the development of constantly innovating products as well as bringing new products or services to the market without high risk. Furthermore, they are well grounded in faster reaction times which gives them the ability to adapt faster to new circumstances. Moreover, they are able to meet and match the needs, preferences and requests of their customers in a more flexible way by holding closer customer contacts and are able to make decisions faster. Therefore, SMEs have the opportunity to correct upcoming mistakes much faster, for example, when a product does not meet the needs of the customer. Furthermore, due to the low hierarchical structure employees can have a higher contribution in product improvements and developments which fosters the employees commitment into the company (Meyer et al., 2004).
Disadvantages

There are several disadvantages that smaller firms have in comparison to larger companies. In order to gain a sustainable competitive strategy, a firm need to overcome strategic weaknesses.

One of the factors that could hold back a small firm are their financial resources and the access to debt. Firms need to consider the debt-equity ratio and the amount of control they would like to have over the company. Furthermore, an SME does not have access to a large scale marketing campaign and thus reaches a smaller group. This is not only due to the financial disadvantage that the firm has, but also to the inexperience of the managers or owners and the product is not differentiated enough to make a distinctive offer. Additionally, smaller firms are not able to hire outside managers and have difficulty in attracting capable staff members. By not being able to attract the right personal, it can hold back the company and its ability to expand (Marlow, 2006). Moreover, the founder of an SME is often in charge and in contact with the key issues, this makes the company able to respond quickly to the needs of customers, in an innovative and flexible way. However, it could also become a barrier for the firms expansion or it could lead to leapfrogging. There is also the lack of a good control system, which in turn influences the decision making. Lastly, most smaller businesses are not capable of developing new technical innovations due to the lack of resources and qualified personnel (Marlow, 2006).

Competitive advantages

Competitive advantages are important for companies, as it is an important success factor leading to the sustainability of the firm. Grant (2010) discusses the three factors that were identified by Porter, namely cost leadership, differentiation and focus. Cost Leadership and differentiation focus on a larger scope and not necessarily on a single segment, like focus does. Differentiation is commonly related to innovation as it gives the opportunity for firms to be different from other firms. Innovation renews a firms strategic efforts and requires multiple capabilities and competencies as well as strong entrepreneurial orientation which will make it more effectively (Dess and Lumpkin, 2005). However, differentiation is not only directed to a specific design or product renewal, it also refers to other activities of the value chain. Additionally, cost leadership can also be difficult to achieve, since there should be access to capital, tight cost control and specialization of jobs and functions (Grant, 2010). Many SMEs do not have the possibility to access this, which was identified as their disadvantages. Furthermore, companies have the choice
of targeting a niche market or a general market. By focusing on a smaller segment, a firm can build a strong reputation and specialize in customer loyalty. An SME that operates in a niche market has the advantage of not directly competing to larger firms. However, there is also the liability that a firm does not identify a niche market correctly and then it will lose its value (O’Gorman, 2006). Thus, it is important for firms to choose between these factors as it required different business strategies and when a company is stuck in the middle, it can lead to problems within the organization and the successfulness of the business (Grant, 2010). Most Born Globals typically compete on differentiation as research by Kudina et al. (2008) showed. These kind of companies do not need to be a cost leader to be competitive. However, the barrier for differentiation is the need for a fund for the investment in developing the technology.

2.3.3 Strategic behaviour of Born Globals

According to Wickham (2006), a company’s strategy will be directed towards the specific goals of the entrepreneur and the internal activities will be directed into meeting this goal. Additionally, a strategic direction, guides the company as this enables the employees to work towards to same objectives and this way, a company can differentiate themselves. With strategy, there is a distinction made between the individual strategy and the organizational strategy, which is referred to as the concept of strategic exchange (Watson, 2002). While an individual has its own identity, biography, values, emotions and work orientation, an organization has its own history, culture and characteristics. Nonetheless, these two groups influence each other and shape one another. Thus, in turn, they influence the strategy and the outcome of the strategy according to Watson (2002). As previously mentioned strategy making is about changing perspectives. Hence, if we state that being a Born Global is already a strategy, we need to have a closer look on the strategic behaviour that firms show. Ansoff (1978:4) defines the strategic behaviour of a company as “the process of interaction with the environment, accompanied by a process of changing internal configurations and dynamics.” Additionally, he argues that strategic behaviour is not only guided by one organizational characteristic. Furthermore, several key characteristics are of importance and guide a company’s strategic behaviour, such as the structure and systems, the culture of the firm as well as the information base, which is in line with Watson (2002). Additionally, also the managers have an important impact and the capacity of the management which is specified as organizational capability (Ansoff, 1987).
Iaquinto (2011) states that there is a consensus within the intended strategy of a company and its realized strategy. Therefore, he concluded that the impact an intended strategy has on the company is furthermore influencing the decisions made by a company. Thus, it can be stated that intended strategies are necessary for making decisions and therefore force the growth of the company (Iaquinto, 2011). Additionally, the process of making decisions is also crucial for a company’s success (www.mckinseyquarterly.com, 2012-05-22). Moreover, today’s fast changing business environment due to the opening up of trade borders leads inevitably to changes in the organizational and therefore as well in the strategic behaviour of a firm. Furthermore, Ansoff (1979) mentioned that different levels of environmental changes lead to different ways of reactions from companies. He argues further that the company’s success is related to the stage of congruency between the environment, response as well as culture and capability. He goes on in his arguing that a primary influence on a firm’s strategic behaviour results from environmental turbulences which are mainly not predictable. This is also in line with Chandler (1962) who argues that the internal structure of a firm as well as the environment and the external strategic behaviour are connected.

Moreover, several studies, from the beginning of the 1950’s until today, have shown that strategic behaviour can be split into 4 models which are the ‘organic’, ‘reactive’, ‘ad hoc management’ and ‘systematic management’ model. This is shown in the following table. The incremental part of the models will be discussed, as it is relevant for the strategic behaviour of Born Globals.

<table>
<thead>
<tr>
<th>Model</th>
<th>Incremental</th>
</tr>
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<tbody>
<tr>
<td>Organic</td>
<td>Serendipitous Evolution</td>
</tr>
<tr>
<td>Reactive</td>
<td>Reaction to Dysfunctions</td>
</tr>
<tr>
<td>Ad-Hoc Management</td>
<td>Episodic, Local Extrapolation</td>
</tr>
<tr>
<td>Systematic Management</td>
<td>Periodic, Comprehensive Extrapolation</td>
</tr>
</tbody>
</table>

Table 1: Four models of Strategic Behaviour by Ansoff (1987)

Organic model
This model relates to a non-existing strategy of a firm unless a crisis is happened and the firm has to look for a solution out of it. Their strategic behaviour is explained as an serendipitous socio-
political process, unmanaged and organic (Ansoff, 1978). Nevertheless, the process still stays unguided by logic and focused on the look for a person who is able to turn the situation. Ansoff (1978) refers to this person as ‘saviour’.

_Reactive Model_
This model describes strategic behaviour as a process which is reactive, slow and with a stepwise adaptation to functional disorders in the performance of an organization. In this model the word ‘manager’ cannot be found but instead ‘the organization’ or ‘the firm’ are leading terms (Ansoff, 1978).

_Ad hoc Management Model_
With the upcoming of the ad hoc management model the view on the managers and their impact on strategic behaviour in a company changed. During this time the firm was seen “as a deliberate shaper of its own development” (Ansoff, 978:505). Hence, it let to the notion of a stepwise decision making and guidance of strategic development by managers based on the existent historical steps. Therefore, it also let to a slow and incremental process on changes in the company’s environment (Ansoff, 1978).

_Systematic Management Model_
This model leads to firms which try to anticipate on and not react to the future opportunities and threats the business environment is coming up with. Therefore, it guides to a comparative decision making of this firms on stepwise and volatile strategies in order to build up their future strategy. Moreover, strategic decisions are done through the whole organization due to a strategic planning process and not individual in different parts of a company (Ansoff, 1978).

**2.4 Theoretical overview**
To ensure a full understanding of the thesis, we will present the relevance of the theory to our research. Different concepts have been discussed, which are essential bricks for our thesis. A lot of information is available on strategy, internationalization, networks and the foreign entry processes and there is a reason why we have chosen these theories.
We have made a distinction between the traditional internationalization models and the more recent findings on Born Globals. With both views, a firm becomes a global company, but what separate them, amongst others, is the speed, market selection and the entry mode & node. With Born Globals, the speed of internationalization is unique. With the traditional models, the focus is on market selection and the entry mode and entry node, not so much on the speed as it speaks of a gradual process. We are interested in the strategic behaviour of Born Globals and need the theories to improve our understanding.

By gaining an understanding on Born Globals, we looked at the author who introduced the topic, namely Rennie (1993). Since then, a lot of research has been done concerning the topic. We quickly found out that most of the literature is directed towards the definition of the concept, (Oviatt and McDougall, 1994, Knight and Cavusgil, 2005, Kudina et al. (2008), while we were more interested in the actions a firm takes after the start-up, regarding its strategy and internationalization. Strategy is important as it clarifies how structured the internationalization of a firm is. According to Mintzberg (1985), a strategy could be intended, emergent or deliberate and many factors influence the final realized strategy. The realized strategy for Born Globals puts them in an international environment and making new strategies from this perspective. In turn, the strategy is important as it sets a focus for a company on the methods of operating and doing business. By understanding a firms strategy, the actions towards the internationalization will be shown.

Internationalization is the process of moving business activities to different markets. Most of the literature is towards a gradual process. We have given two ways of looking at it, by the Johansson and Vahlne (1977) model and the process described by Sandberg (2012). This will be used to compare it to the way Born Globals internationalize and if there are common factors. Additionally, by discussing the internationalization and strategy, the method of entering countries is also of relevance. The entry mode and entry node are part of the strategy that a firm has and thus influences the internationalization process. We also found the market selection important, as this relates to the successfulness of a company with the more traditional internationalization models. With these models, prior experience and knowledge is important to overcome the
differences between countries. By understanding this, the relevance to the Born Global theory can be reviewed.

We have discussed networks, since we believe the networks are an important factor for Born Globals. Companies seem to enjoy the usage of networks, as it provides knowledge on international business and new business opportunities are presented. It influences the entry mode and node, as well as the market selection. Hence, networks could influence the speed by which Born Global firms internationalize.

![Figure 6: Overview of the content of the thesis](image)

3. Methodology

In this section, we will explain how we have conducted our research and discuss the approach we have taken to collect data concerning Born Global companies. Moreover, we will also explain how we proceeded to formulate the interview questions.

3.1. Research Strategy

According to Walsh and Wigens (2003) after coming up with a research topic and the corresponding research questions it is necessary to make a plan how to proceed and structure the research. Thus, it is necessary to decide on a research strategy which defines the research process and fits the research question. Moreover, research strategy “is a decision about the data collection tactics to be used” as argued by Walsh and Wigens (2003:70). Furthermore, as they
explain, the data collection method is not necessarily predetermined by the research strategy. Thus, different methods of data collection can be used such as observations, surveys, interviews or questionnaires. The following sections will provide a fundamental understanding about the research strategy and data collection method we have used. Additionally, the topic of research quality will be also raised and discussed.

3.1.1. Qualitative research

When we started to write this paper, we had to make many decisions, regarding the topic and the theory we would use as well as how we would handle the methodology. Especially, regarding the research method from which many options were available. In this section, we will explain, how we have developed the following structure.

*Research method*

Fisher (2007) explains two kinds of methods which can be used to conduct a research, the quantitative and the qualitative research method. The latter consists of interviews while the other consists of questionnaires, surveys and databases. Besides that the quantitative method contains a research with a high range of samplings, this approach is mainly based on hypotheses testing and the aim is to give a numeric description of empirical data. Furthermore, a quantitative approach includes data which is measurable and lead to a highly standardised questionnaire and interview conditions (Merriam, 2009). Therefore, statistical measurements are necessary in order to receive objective information (Kaplan, 2004). The qualitative research method instead is done with a selected quantity of samplings and leads to the understanding of a phenomenon. Hence, data is not measurable and situations are described which gives the interviewer/s a main part in the research process (Merriam, 2009). Moreover, the active participation of researches is often requested in qualitative research because this method relies on observations, descriptions as well as extracts from documents and quotations (Patton, 2002).

Based on this information and according to our research purpose of knowing more about the strategy of Born Global companies, we have chosen the qualitative research method for data collection and narration of the phenomenon. We have mainly focused on the qualitative method as we found it more suitable and in line with the purpose of our research. By collecting primary
data by asking open interview questions, we expected that there will be a better chance in understanding the companies reasons for choosing this path of internationalization. Furthermore, following this research method in data collection we expected the possibility to identify relevant challenges regarding the speed of internationalization. Consequently, we decided to make use of semi-structured interviews in our research in order to get a further understanding of the case companies strategy. This method offers the possibility of flexibility during the interview which is a major advantage according to Merriam (2009). In order to cover all topics with the Born Global sampling we decided to develop an interview guide with all relevant questions for our subject. This guide consisted of a list of several questions and topics in a defined order regarding our research theme (Bernard, 2009). Due to this guide, we were able to lead the interviews more fluent but also individually and independent. Hence, we were free in adding as well as adjusting questions during the interviews if necessary. Furthermore, it allowed us to use the limited time during the interviews very efficient. Moreover, another advantage of using semi-structured interviews is the possibility to study the behaviour of people as well as how the interviewees interpret their environment (Merriam, 2009).

**The research approach**

Merriam (1998) argued that the analysis of the qualitative data is the most difficult part in a research process. Therefore, it is important to carefully choose the research approach used for this paper. Furthermore, he states there are three different approaches in order to do research. These approaches are called: inductive, deductive and abductive approach. While by using the inductive approach the researcher does not rely on any existing theories, therefrom, create the theories by him- or herself, the deductive approach contains the opposite. The abductive research approach, however, combines either the principles of the deductive and the principles of the inductive approach. This approach allows, due to the both above explained approaches, a deeper understanding in a specific case as explained by Merriam (1998). Consequently, this proceeding has let us to the usage of the abductive approach of our research.

**3.1.2 Case Study**

According to Bernard and Russel (2010), the goal of working with case studies is to gain a deeper understanding of a phenomenon which has our interest. Therefore, the data collection, due to case
studies, is related to identify the characteristics of a specific phenomenon as it is stressed by Swanborn (2010). Moreover, according to Yin (2009), case studies give the researcher the chance to answer questions of ‘how’ and ‘why’. Thus, case studies can include several data collection methods such as interviews or questionnaires. Hence, case studies can provide a lot of data and they are “an appropriate way of answering broad research questions” as argued by Swanborn (2010:3). However, with case studies, it is important to have prior knowledge on the subject, as this influences the questions during the interview, stated by Yin (2009).

In our case, it was natural to use case studies because we wanted to get deeper and gain original insights in global start-up firms and their strategy as well as their internationalization process. We have had studied SMEs and their internationalization process during our course program before and thus got a good background knowledge on it as it is suggested by Yin (2009). Moreover, also our literature research of Born Global firms provided us with relevant background information for writing this paper. Therefore, it was an interesting and a natural approach to go into further research by using case studies for our thesis topic in order to provide our paper with original and relevant present data and information.

3.1.3 Description of Case Companies

We decided from the beginning of our thesis, not to restrict ourselves by doing research on Born Global companies operating only in a specific market and area. Moreover, we found it much more interesting and suitable for our topic to look for Born Global companies in different countries as well as in different industries. These multiple holistic cases gave us the opportunity to get a better insight in the operations of the companies and to see if there are a lot of differences in their internationalization as well as their strategy process. By not limiting ourselves on a specific industry, we would be able to better understand the concept on Born Globals and their internationalization strategy, which would be applicable in more fields for further research. Therefore, we contacted companies in Austria, Switzerland and Sweden. All three companies have in common that they stepped into the global market fast after their inception and earn their major turnover due to sales around the globe. Nonetheless, these companies are located in different industries like the medical technology sector with the company Agency for Medical
Innovations GmbH (A.M.I.) in Austria, the textile chemical industry with the Swiss company HeiQ Materials AG as well as the Swedish company IQF Frost AB situated in the food freezing industry.

**Agency for Medical Innovations (A.M.I.)**
The company, Agency for Medical Innovations GmbH (A.M.I.) is a Born Global as it entered foreign markets within its first year when the first product was launched. This was picked up by the distributors who sold it in many foreign markets. Within three years, A.M.I. was operating in Europe, North America, Latin America and Asia (Pock, 2010). Furthermore, in 2011, 17% of the total sales came from Austria, 63% from Europe and 20% from the rest of the world (Hopfner, 2012-05-02). Therefore, A.M.I. meets the requirements of being a Born Global. Additionally, the company only has 80 employees in total and is considered to be an SME.

**HeiQ Materials AG**
The HeiQ Materials AG is a Born Global company since they were global oriented right from inception. The majority of the company turnover of 99,5% in sales comes from outside of Switzerland. The forecast for 2012 shows a turnover in sales of 25% in Far East, 25% in Central America and 50% in Europe (Skantze, 2012-04-30). Moreover, with an amount of 30 employees HeiQ is still an SME and meets the requirements of being a Born Global. Furthermore, due to the fact that the textile industry doesn’t work like other industries and their customers are located around the globe HeiQ had no other choice than acting global.

**Company IQF Frost AB**
We were able to identify IQF Frost as a Born Global since the company is operating in many countries all over the world and received is first multiple freezer order from a company in Chile. After that the business took on and the firm has sold equipment in many other markets. Currently, in economical turns only 1-2% of their total sales is conducted in Sweden and thus 98-99% comes from the rest of the world. This is achieved with only 35 employees and therefore qualifying as an SME.
3.1.4 Company informants

As mentioned before, we found it important to use multiple cases, to understand the internationalization process better. Therefore, it is also significant to interview a person who was involved with this process. The founder would be the most suitable person. Unfortunately, it was not always possible to talk to the founder of the selected and as Born Global identified companies. Nevertheless, we decided to interview leading personalities working in the case companies in order to fulfil the requests of getting a deeper understanding for the companies and their strategic behaviour. The potential interviewees had to be involved in the internationalization process and understand what kind of decisions were made and why. Therefore, the choice was made to interview either the CEO of the case company or the International Sales Manager. An exception was made for the company A.M.I. where the interview was held by the Assistant of the Managing Director. This exception was made because of the impossibility of reaching neither the CEO nor the International Sales Director of the company. Moreover, the Assistant to the Managing Director has many responsibilities in this company and is also strongly involved in the international sales operations. Hence, the decision was made by us to go with the Assistant to the Managing Director of A.M.I for an interview. With IQF Frost, we got the opportunity to interview the founder of the company which was very willing to talk to us. The CEO has a lot of experience in his field and knew a lot about the market before the start-up of the company, which has influenced his decision making for starting up the company. All our interviewees had a lot of company experience as well as international sales experience. This gave us a very good basis to get further insights into these Born Global companies as well as their strategic behaviour as it was necessary for answering our main research question as well as the sub-research questions which we needed to cover, too. Hence, we will shortly give some background information about our interviewees as well as the day we were talking to them.

**A.M.I.: Ms Regina Hopfner – Assistant to the Managing Director**

To gain more information on A.M.I., we have spoken to Regina Hopfner who is the assistant to the Managing Director. Unfortunately, we were not able to speak to the main founder of the company, who was part of the group of four that started with the development of the ideas. However, Ms Hopfner was part of this process and saw the decisions making at first hand. Therefore, we believe that we have gained sufficient and reliable information as she witnessed
the actions that were taken at the beginning. We have send the list of questions to Ms Hopfner two days in advance so she could have a better understanding of what we would ask. On May 2nd, 2012, we were able to contact her by telephone and talked for approximately one hour. She has given us insight on how the company was founded, what kind of actions it took prior to internationalization, what their strategy was and how they were able to expand.

**HeiQ Materials AG: Mr Kristofer Skantze – Head of Sales**
In order to get sufficient information regarding the company HeiQ Materials AG in Switzerland we decided to contact HeiQ via e-mail first. Mr. Kristofer Skantze, Head of Sales at HeiQ Materials AG was answering our request and we got the opportunity to include the company in our thesis project. Due to his narrow time frame we decided to send him our questions via e-mail in advance which he attended within one day. Nevertheless, a telephone interview of approximately one hour followed two days later on May 2nd 2012. Mr Skantze started to work for the company, 18 months after inception and is responsible for the international sales operations. We believe that we have gained sufficient and reliable information due to his experience.

**IQF Frost AB: Mr Ruben Larsson – Founder and CEO of the company**
To understand the strategy and internationalization of IQF Frost AB, we got the opportunity to talk to Mr Ruben Larsson. He is the founder and CEO of the company. We were able to contact him on the 9th of May, 2012 and we were talking to him for approximately 40 minutes. Mr Larsson had prior work experience within the freezers business before he decided to make his own freezers that would be more efficient. He was very enthusiastic to talk to us and had sent us several files with more information about the company. This gave us a better understanding of the business this company is in. Hence, we can argue that we strongly believe to have gained sufficient and reliable information due to the direct talk to the founder of the company.

3.1.5 Critique for the selection of companies
Critiques to the selection of our companies could be raised to the fact that we only focused on three companies from different countries. Additionally, they are also located in three different industries. Hence, it could be argued that these aspects reduce the comparability of our cases.
However, we have structured our interviews similar in order to get comparable answers. Furthermore, we have interviewed only one person in each company. Nonetheless, all of the persons have a high position in the company they are working for as one of our interviewees was the CEO and founder of one of our cases. However, to find out companies which are Born Global and located in the same industry takes time which we were unfortunately highly restricted in. Nevertheless, apart from our restricted time frame all three interviews gave us a good and satisfied insight into each company as well as sufficient and reliable information. Thus, we decided to stay with this cases and build our thesis upon this research data.

3.2 Data collection

Data collection can be conducted either due to primary or secondary research or by using both methods according to Yin (2009). In our case, data collection is of relevance to gather primary as well as secondary information. This will help us in order to gain a full understanding on the concept of Born Global firms and in a later stage to analyse the information in order to answer the research question of our paper. Hence, we will describe both methods more in detail and explain why we decided to use this way of data collection.

3.2.1 Primary data

In primary research the goal by a scholar is to collect original data amongst others for example due to interviews or questionnaires. It is a necessary approach for getting relevant and original data in order to answer the research question (Merriam, 2009). Therefore, we have contacted three different Born Global firms in order to accomplish interviews. The focus was on getting in touch with the person who is responsible for the decision of going abroad. By following this approach, we gained the understanding of the decisions that were taken before going abroad. Nevertheless, one of the challenges in conducting primary research, is to find companies that meet the requirements consistent with a Born Global. We have set our focus on these kind of firms and this required a careful analysis of suitable firms to use for our research. We have tried to make use of the Chamber of Commerce and other organisations that hold information about firms. However, this was not very successful, but we were able to contact Born Globals that other authors have written a dissertation on, in which Born Global firms were identified and interviewed. This has been of use for us as well, as it gave the name of these firms and we have
tried to contact them too. Thus, once we found a company that met the Born Global requirements and prerequisites that we have set, we have contacted the firm. When the company was able to help us, we have sent them the interview guide and a telephone interview was conducted a few days later. Furthermore, our research for Born Global companies was not only limited to Sweden, but to firms from all over the world.

3.2.2 Description of the interview process

Next to the aspect that all three contact persons were able to speak German the interviews were carried out in English. The usage of English was easier and it made the research more reliable as sometimes the translation could not have been accurate or could have been misleading. Additionally, we recorded all interviews to make sure we had the possibility to listen them again as well as for the purpose of validity and reliability of our paper. Furthermore, all three interviews were carried out by telephone and we used the interview guide that we had developed. When we talked to the interviewees, we had let them speak freely mainly because of the reason to get as much information as possible out of the interview process. Therefore, we also tried to create our questions during the interview longer to get a more continuous response of the interviewees (Bernard, 1988). Thus, instead of asking “What is your home market?” we mentioned that Lee W. Huebner (Herald Tribune, 1985) stated “Our home market is the world”. Thus, they were able to understand what we meant by raising the following question: “What do you see as your home market?” By using such a method of asking questions, we got longer and open answers and more information about the company as it is suggested by Bernard (1988).

Once the companies had approved our request for an interview, we decided to send out our interview guide in advance in order to give them the opportunity to prepare for the telephone interview. In consideration of the busy time schedule of HeiQ’s Head of Sales, Mr Skantze filled the interview guide with his answers and send the list back to us. However, he gave us the opportunity to call him as well in case we had any follow up questions. This offer was very useful, because we were able to gain more detailed information about the strategy development and how the company was founded. We let Mr Skantze speak about his experiences and gave room for him to express himself properly. This was very beneficial for the outcome of the interview. When we contacted A.M.I., we also provided our contact person Ms Regina Hopfner
with our interview guide in advance and during the telephone interview, we asked the questions that were on the interview guide. We also let Ms Hopfner speak freely about the company as we did it with Mr Skantze, but related our questions we asked in between to our interview guide. Moreover, we were also able to provide a telephone interview with Mr Larsson, the founder and CEO of IQF Frost AB. We were formerly in e-mail contact with Ms Sandra Gabriel, Sales Assistant of IQF Frost AB. She arranged an appointment for a telephone interview with Mr Larsson. Moreover, we were also sending our interview guide in advance to her, since she was asking for it. Mr Larsson responded on the same day and confirmed an appointment for the day after. Additionally, he also has send us in advance some further information about his company like amongst others a press release and a list of countries and sales data. When we were talking to him we did not change our procedure. We raised our first question regarding the foundation of the company and let him freely talk. As also done during our first two interviews we raised in between questions he did not cover during his speech. All interviews took part approximately 40 till 60 minutes and overall, we received the answers that we were hoping for in finding. In order to ensure a better understanding for the type of interview that we have used as well as how we structured and worked on the interview guide, we will explain these aspects in the following subsections.

3.2.3 Interview type

Once we had contacted the companies by e-mail, we decided to perform our semi-structured interviews by telephone because of the restricted time frame that we had. As described more in detail in section 3.1.1, we made the decision for this type of interview since it offers more flexibility during the interview. We were able to modify the order of our questions and we also had the possibility of adding questions if necessary or relevant. Therefore, the usage of semi-structured interviews offered us the possibility to get a high amount of qualitative data very quick (Bernard and Ryan, 2010). Moreover, the semi-structured interviews intertwined with telephone interviews offered us a high grade of flexibility in time as well as in the performance of the interviews. Nevertheless, telephone interviews do not give the chance of observing the behaviour of the interviewed person as it is explained by Merriam (2009). Furthermore, in order to get comparable data by using a semi-structured interview it is necessary to make sure to get similar
information (Bernard and Ryan, 2010). Therefore, we needed to take care of how we were asking our interview questions. Hence, we made use of an interview guide.

3.2.4 Interview Guide

For the research, we structured our interview process in order to make sure we would ask the same questions to each company and to have an ordered structure. According to Harryson (2006) by conducting research on Born Globals, it is important to cover the founder, the organizational structure and how the company interacts with the environment. Therefore, when we worked on the development of our interview guide, we focused on our sub-questions and developed questions that would answer the three sub-questions. We worked on the questions by focusing on the sub-questions, but also had our main research question in mind and tried to work on this as well. Therefore, the first set of questions is related to how, why and when the company entered the foreign markets, while the second set of questions are more towards the internationalization strategy and the advantages the firm has. This is in line with Bernard (2009:29) who also states that using an interview guide is important when there is more than one interviewer “so that people are asked roughly the same questions”. Moreover, the interview guide gave us the opportunity to add and adjust our questions in accordance to the interview process. Hence, for the preparation of the questions, we took previous course literature into account and implemented it when useful and necessary. Since the companies are globally operating the questions as well as the interviews were constructed and held in English. Additionally, the interviews were held with executive managers of the sampled companies as well as CEO’s if it was possible. We started designing our interview questions after we had developed our research question. We also were quite selective in the way we formulated the questions. It means that we tried to avoid purely “Yes” or “No” questions in order to get as much information as possible from the interviewees. Moreover, we let us guide by our curiosity about the topic we have chosen for the thesis when putting down the questions for our interview guide. Nonetheless, additional literature was used because of getting an impression of order, content as well as the style of how to put down the questions.
3.2.5 Secondary data

Before conducting the primary research, we have analysed the material of other researchers, who have written scientific articles about the concept of Born Global firms. According to Cohen and Levinthal (1990), prior knowledge generates the ability to recognize the value of new information, to embrace it and to apply it to evaluate and utilize new knowledge. Thus, prior knowledge is necessary to have a better understanding of the result that will be collected from the interviews, discussed in the following part. Additionally, most of our knowledge come from reading articles, journals and books about Born Global topic. Consequently, by improving our understanding on this type of firms, we will be able to fill in the blanks and to ask the questions that will lead to the answer of our research question. Thus, we have made use of different sources such as books or articles as well as documents and databases, such as for example Business Source Premier and JStor.

3.3. Research quality

An important aspect in a research project is the quality of the research that has been conducted. Senator Patrick Moynihan stated “Everyone is entitled to his own opinion, but not his own facts” (nytimes.com, 2012-05-17). It leads to the importance of following the facts instead of following the own opinion. Especially in research this aspect is of high relevance since facts are facts which are not changeable and hence shall represent reliability as well as validity. This approach is also in line with Merriam (2009), who argues for reliability and validity as basis for the quality of a study. Furthermore, also Yin (2009) sees the validity and reliability as the most important aspect in a qualitative research. Nevertheless, it can be difficult to ensure reliability and validity in a qualitative research as Merriam (2009) argues. A major aspect can be the researcher itself as well as the interviewees due to subjective interpretation of questions or statements. Therefore, we will discuss them a bit further and give also an insight in limitations and justifications of this paper.

3.3.1 Validity and Reliability

When doing research and making use of case studies, the validity and reliability is an important measurement for the quality of a research paper. As mentioned by Yin (2009) the quality of a research is measurable due to its validity and reliability. According to Bernard and Ryan (2010:72) validity “depends on the utility of the device that measures it and on the collective
Reliability instead leads to the stability of the data and further to the same result if a repetition of the research will take place (Hüffner, 2004). Furthermore, Yin (2009) argues for a guideline of four kinds of tests which can be undertaken to secure the validity and reliability.

**Construct validity**

The first test is called construct validity, whereby it is important to have several sources of information and not solely focus on a single case. Therefore, we have made use of three different companies to compare the information and to find similarities (Yin, 2009). Furthermore, Fisher (2007) states that when doing research, it is important to be aware that some findings are not what they seem to be. Additionally, our own interpretation could blur out the meaning of the findings. By using more than one company, we have tried to reduce the limitations of our own interpretations. Furthermore, the three case companies are operating in different industries and only have in common that they are Born Global firms. Therefore, these companies have their own interpretations on their internationalization process. This has given a broader perspective of their actions. Additionally, we have reflected our findings to the theory and vice versa, which has influenced the outcome of the thesis.

**Internal Validity**

The second test is about internal validity and is more relevant for research regarding experimental research, why a certain event leads to another event. Moreover, if the argumentation of case studies are durable, consistent as well as accurate the internal validity is existing (Yin, 2009). This is important for this paper since the purpose was to understand what events lead to the internationalization and strategy development by SMEs. Therefore, to ensure the internal validity we have compare the findings of the three different case companies and use internationalization theories to address rival explanations to find out what the differences are within Born Globals internationalization strategy. According to Merriam (2009), internal validity is about how the findings match reality and if we are able to find out what is really happening. We believe that by using multiple case companies, the actual actions become more transparent. Additionally, we could not observe the inception process ourselves, but the interviewees were involved in this process. By having multiple case companies, we believe, this has made it easier to compare the
different behaviours and match them to reality as well as to the purpose of this thesis. However, we did bear in mind that ‘data does not speak for itself’, meaning that both the interviewees and us, have our own interpretation of the information (Merriam, 2009:213).

**External validity**

The third test is called the external validity which concerns with setting a sample criteria and can be enhanced due to multiple case studies as Yin (2009) stated. Furthermore, Merriam (2009) stated that external validity relates to the generalization of the results and how it would be possible to apply them under different circumstances. Our focus is based on three Born Globals companies. Therefore, after finding several definitions by different authors of this concept, we came up with an own understanding of a Born Global company. This definition we have set as a criteria for firms that we will use in our sample companies. By sharing our definition, the reader understands how we perceive the Born Global concept and how we used these companies. Additionally, this criteria has made our findings more applicable to Born Globals that met our requirement. Our findings will not be applicable to other SMEs that do not have a global orientation.

**Reliability**

The last test leads to the reliability which has the goal to minimize the errors in a research study. Moreover, there should be a similar outcome if the research was committed again by another researcher which is also in line with Merriam (2009). To ensure the reliability of data, the usage of a protocol as a guideline through the research process is of relevance (Yin, 2009). Especially, since the environment as well as the conditions of a research underlie constant changes, it is possible that changes in the answers of the interviewees occur in the course of time. Therefore, the repetition of the research would not provide the same data as before (Yin, 2009). For this reason, we have elaborated on the interview questions in a guideline and have written down the given answers by the case companies to make the findings as transparent as possible. Additionally, we have compared the results of the case studies to the theories, as mentioned by Kirk and Miller (1986) in order to add value to the reliability of the research.
3.3.2 Limitations and Justifications

With every research there is the chance of failure and the difficulty of processing data accordingly. Additionally, according to Yin (2009) as well as Kirk and Miller (1986), validity has always been an issue in fundamental theory and that no experiment can be perfectly controlled. As we have ten weeks to collect information about Born Globals, in which we still had to contact firms that were willing to support us, the number of interviews might not be sufficient to support our propositions and ideas. Regarding the validity, the interviewees have their own interpretation of what happened during the foundation of the company. Unfortunately, we were not able to monitor the start-up of the company, therefore we have to rely on the interpretations of the interviewees. Nevertheless, they all had a clear understanding of what was happening during the inception phase. Moreover, and as stated by Merriam (2009) the qualitative research method does not give neither a guideline for researchers nor is there a training in interviewing available in this short amount of time. Therefore, we were left to react on our own abilities of fulfilling this kind of research. Nevertheless, and as they claim further are we as researchers “the primary instrument of data collection and analysis” (2009:52). Hence, there is a possibility that the results of the research can be influenced through the personal biases and/or special characteristics of the researcher. Limitations for our paper arise furthermore due to the fact that we founded our secondary research on several information channels which we were not able to proof in detail on correctness and trustworthiness. Moreover, within our primary data collection we have found three case companies and as Fisher (2007) stated, this gives the change to go deeper into the subject, but the disadvantage is that the sample is often too small and links identified might not be sufficient. Additionally, the focus can be too narrow. Furthermore, we have only spoken to one person in each company in order to get the data needed. Nevertheless, every person which we contacted has a high position in the company they are working for which we suggest of trustworthiness and reliability. However, since all interviews are held by telephone there is no possibility to observe also the behaviour of the interviewees as suggested by Merriam (2009). However, within these short amount of time for developing this paper, we have worked as hard as possible and put most of our effort in collecting all relevant data for our research and providing a well written thesis.
4. Empirical findings

In this section we will first give a short overview and description of the companies which we have identified as Born Globals. Furthermore, we will explain what the companies do, which products they are producing as well as give some information about their sales procedures.

4.1 Agency for Medical Innovations GmbH (A.M.I.)

The first company interview took place with Ms Regina Hopfner, Assistant to the Managing Director of A.M.I. Ms Hopfner was very open and answered our questions in a substantial and perspicuous way. To ensure a full understanding of the company and its products some background information as well as an overview about the products and the sales process of A.M.I. will be given now.

4.1.1 Description and Background

The Agency for Medical Innovations (A.M.I.) was founded in 1998 by a group of experienced medical professionals in Feldkirch, Austria. The firm provides medical instruments, implants, disposable instruments and injections. The team of founders consisted of four people of which two were sales professionals, a development engineer and a surgeon. All of them have prior experience in either the medical industry or in international business (Pock, 2010). The group started with gathering ideas to set work in implementing them and got financial support from a substantial amount of distributors who, in turn, are also shareholders of the company. In 1999, the company opened a R&D department in Austria, to start working on the ideas. Nonetheless, A.M.I. is also part of an R&D pool which provides additional information and aid (www.ami.at, 2012-05-01). The first two years, the company focussed on the research and development of the products (Pock, 2010). In 2000, it was possible to bring the product to the market and a German subsidiary was founded. Moreover, many more international shareholders were joining A.M.I. and the firm acquired Dufour Medical of France (www.ami.at, 2012-05-01). Within three years, the company was operating in many European countries and also had customers in the U.S.A. Additionally, A.M.I. is developing, producing and distributing the medical products from Austria. The company’s mission is to improve the quality of patient care through the development of net
innovative products and methods of surgical patient care (A.M.I. Medica Flyer, 2012). Hence, the company first targeted countries within Europe and in 2000 they were already present in many European countries. After 2 years, they were also able to sell their products in India, New-Zealand, Russia, South Africa and Venezuela (Pock, 2010). Furthermore, the company is constantly looking for new products to develop according to Pock, 2010.

*Products*

Nowadays the company is having a portfolio of products for general and bariatric surgery, coloproctology, urology and urogynaecology. In this product range it is important to know that the A.M.I. products have to meet the next norms, such as less post-operative recovery time, less pain, better surgical results as well as least invasive operating process and enhance the safety of an already established method. In order to provide a better understanding of this specific products we will explain them shortly a bit more into detail.

**Coloproctology**

The company’s first product, which is also the most popular product, is a product against haemorrhoids. It offers a surgical option for the treatment and the treatment offers help to the three main symptoms to reduce the pain and offers a quick recovery time. In addition, the set of instruments are tailor made to the patients circumstances (www.ami.at, 2012-05-08).

**Morbid Obesity**

This set of products focus on patients that are obese, who want to lose weight, which requires a different set of instruments. It is perceived as the ‘State of the Art’ implant, which minimizes the risk, easy to handle and has the ability to make adjustments (www.ami.at, 2012-05-08).

**Laparoscopy**

This set of instruments are disposable and very innovative compared to the competitors’ products. It saves time by its easy handling and it is for surgery of hernia repair, which has focused on improving the recovery process and reduce wound infections (www.ami.at, 2012-05-08).
Urogynaecology
This product was launched on the market in July 2008 and is a set of products that helps females with incontinence. This field is becoming more important for the care capabilities of A.M.I. and the firm is focusing on expanding their product range. It provides a new method of helping women with these kinds of products, which is easier and less time consuming (www.ami.at, 2012-05-08).

Infusion Port Systems
This needle system is different from its competitors as it is more safely to use and makes less damage. There are many different models and is an infusion system to supply pharmaceuticals, fluids and nutrient solutions, which saves time during an operation (www.ami.at, 2012-05-08).

General Surgery
There is also a large range of typical surgery equipment. By having this, they can provide a large range of products, useful for many fields and offer a large group of equipment that is needed for many different medical conditions (www.ami.at, 2012-05-08).

Sales Process
The customers of A.M.I. are hospitals, medical centres or agents and distributors who are responsible for the sales in their region. Additionally, A.M.I. visits fairs and conferences to put themselves out into public and to attract new distributors and agents. This engagement has led the firm to a network of subsidiaries and contracted distributors who bring the products to the market in nowadays more than 60 countries all over the world. In addition, the local adaptation of the products are low, due to the differences in legal requirements that each country has. However, in order to sell the products abroad, it is necessary to understand the local health care system and have an agent who is in contact with the local hospitals and medical centres. These local distributors and agents have knowledge and experience with the local registration processes and are able to handle it efficiently (Pock, 2010). Additionally, A.M.I. also provides workshops to guide the medical staff on how to best use their products. Furthermore, it is also for surgeons or experienced medical staff who have an innovative idea to contact the company, to get research support (www.ami.at, 2012-05-01). A.M.I. organizes workshops in Austria and in Germany, to provide their customers with the necessary knowledge to use the equipment to its fullest extent. 
Furthermore, the distributors can also be contacted for more information about workshops, which depends on the region, so that a larger customer group can be reached (www.ami.at, 2012-05-08).

4.1.2 RQ 1: A.M.I and their pre-internationalization actions

When the company was founded, the owners had the intentions of moving abroad, but did not have a clear strategy for this. Thus the intentions were there, but how and when was uncertain. During the interview it was stated that the internationalization strategy was always a mixture between having the intentions and react on opportunities. The products for haemorrhoids were really successful abroad, which made the internationalization process go faster than expected. Many distributors from different countries contacted A.M.I. to distribute the product, through which the company gained even more attention and exposure. The owners of the company had prior experience gained in this industry and were familiar with the methods of operating. This provided the company with a network and the ability to use their knowledge, which gave them an advantage over the competitors. The network was also responsible for the funding of the company. Moreover, when the company moved abroad, it did not change their main strategy. However, some differences were made to the process of finding an agent or distributor. It is very difficult to find the right partner that operates in the interest of A.M.I. It can take up to three years to find it whether the partner is right for the company. Therefore, they have changed the process of finding a new partner and work together with the chamber of commerce to gain more information on the partners and the markets.

4.1.3 RQ 2: A.M.I. and their key drivers

When the company was founded, the firm wanted to be a global player, as it is important in this industry to operate on a global basis, in order to have a successful business. Furthermore, in Austria, there are only 120 hospitals which is not sufficient and does not give that a large growth prospective. In the health care industry, it is of essence to have a global presence as this gives more opportunities. Especially, the U.S.A. is a big market, which is very important to enter. A.M.I. is currently expanding its position in the U.S.A. and established a sales agent in 2008. Additionally, the shareholders who also acted as distributors were the ones making it possible to expand the business abroad. The shareholders were also the ones that provided the funding to do research. Furthermore, A.M.I. has several advantages over their competitors, they are small with
only 80 employers in total, they are very flexible and operate in a niche market. In addition, due to their innovativeness, they were able to produce a new kind of product that was very successful, which speed up the internationalization.

4.1.4 RQ 3: A.M.I. and their home market

The home market, Austria, is still important for A.M.I. as in this market the new products will be tested and is followed by Germany. When the products are successful within these markets, the company feels secure enough to bring it to the other markets as well. Additionally, in Austria the head office is located, as well as the R&D facility. Hence, the importance of the market and the company would like to be a public company in the future.

A difficulty that comes along in this industry, is the patents, registrations and the testing. Many countries, especially outside the European Union, want to protect their markets and require that the new medical equipment is tested. This can make it more difficult to internationalize. Nevertheless, A.M.I is still expanding and the internationalization goes fast.

4.2 HeiQ Materials AG

The second interview took place with Mr. Kristofer Skantze, Head of Sales of the Swiss company HeiQ Materials AG. This interview was also held via telephone, whereupon Mr Skantze answered our questions in advance by email because of his narrow time frame. Nonetheless it followed an interview by phone two days later to deepen the answers Mr Skantze gave to us. In order to ensure a full understanding of the company and its products we will give some background information as well as an overview about the products and the sales process of HeiQ.

4.2.1 Description and background

HeiQ Materials AG was founded in 2005 and is a Swiss technology start-up specialised in the textile chemical industry with nowadays 30 employees. The products of the company are high performance and sustainable effects for the textile as well as medical market. Funding’s, especially in the initial phase, were gained through federal and private grants which included seed money and private investments secured the companies start as stated by Skantze (2012-04-30). Additionally, he argued that HeiQ was highly international orientated from the very first
beginning regarding the fact that nearly no textile industry is left in Switzerland. Therefore, the company had to follow its customers which are spread around the world. Nonetheless, their headoffice and production facilities are located in Switzerland. Hence, it gives them the opportunity of sufficient testings as well as a good reputation worldwide as claimed by Skantze (2012-05-02). The company invents and tests their products on their own in their own microbiology and textile in-house laboratory to ensure a fast support of customer product developments using HeiQ’s chemistry. Next to HeiQ’s own R&D and testing facilities the company also provides custom manufacturing, sales and marketing support as well as regulatory affairs support. Furthermore, the company also helps their customers along with trouble-shooting as well as technical mill support (www.heiq.com, 2012-05-04).

Products
HeiQ brings the focus of their high-end products into the textile as well as the medical industry. The products of HeiQ are odour-free, antibacterial, oil repellent and oil absorbent, water repellent, antistatic as well as thermo-regulating. The company started in 2008 with the launch of their product „Pure“, 2009 followed by „Barrier“, one year later their innovation „Oilguard“ and 2011 they released „Adaptive“ as their new product for the market. In order to give a better understanding what the products are about we will describe them shortly a bit more into detail.

Pure (2008)
Pure by HeiQ was the first product the company released to the market. This textile is an antimicrobial textile which makes it possible “to keep the garments naturally odour-free for the lifetime of the product” (www.heiq.com, 2012-05-07). Therefore, it keeps the feeling of textiles fresh. Moreover, it also offers the possibility of hygienic protection which is highly required for example in medical environments or other areas which rely on bacterial control.

Barrier (2009)
Barrier by HeiQ is a water as well as oil repellent system based on the natural repellency of the Lotus leaf. Therefore, the special structure of the textile surface makes the fabrics resistant not only against water and oil, but also against other stains. Additionally, these HeiQ textile products are able to cut the percentage of repellent chemicals used in the today’s textile industry up to
60%. Hence, this environmentally performance product is high durable and makes textile products more repellent against the weather and stains than other comparable textiles on the market (www.heiq.com, 2012-05-07).

Oilguard (2010)

The cleantech product Oilguard was developed within weeks of the oil spill disaster in the Gulf of Mexico in April 2010. HeiQ developed together with the Swiss and German companies BST and TWE a non-woven fabric which is absorbing oil but repelling water. This high-performance fabric is able to absorb six times its own weight in raw oil and is nowadays the only product available on the market for protecting beaches from incoming oil (www.oilguard.org, 2012-05-07).

Adaptive (2011)

The high-tech product Adaptive is a thermo-regulating textile which allows moisture or sweat to be released from the textile differently depending on the skin temperature of the wearer. Textile treated with Adaptive have a cooling effect at high skin temperatures and keeps moisture from being evaporated at low temperatures. This dynamic textile effect called Adaptive ensures that the clothes a person is wearing adjusts to his or her grade of sportive activity and therefore offers high comfort. Moreover, Adaptive is used for towels and bathrobes and it can let them dry faster, which is also a raise of comfort (www.heiq.com, 2012-05-07).

Sales Process

The company entered within the first three years after inception their neighbouring countries Germany, Italy and Spain. Afterwards, countries like U.S.A., Brazil, Pakistan, India, Bangladesh, Taiwan, China, Mexico as well as Thailand, Turkey, UK, France, Portugal, Venezuela and Canada followed. Nonetheless, HeiQ was already international active because of their customers and the fact that the mills in the textile industry are nowadays located in low cost countries. Hence, in order to enable the international expansion of the company and thus to meet the customer needs HeiQ hired people in various regions, as well as set up agents and distributors. They decided to go for distributors and agents in distant markets by selecting the top ones to
work with through a precise market research. The company decided to hire direct sales force for the nearby markets of Switzerland, France, Italy, Spain and Portugal. The sales individuals were selected based on their access to the customers as well as their reputation (Skantze, 2012-04-30).

4.2.2 RQ 1: HeiQ and their pre-internationalization actions

From the beginning of the company’s foundation, the owners envisioned acting as a global company. Nevertheless, HeiQ focused in the beginning on the markets in a 300 km radius of their location in Bad Zurzach, Switzerland. As a fundamental benefit of Switzerland’s central position within Europe, within this radius they reached many big textile customers in Germany, Italy, France and Austria as well as some of the most industrialized zones in Europe as argued by Skantze (2012-04-30). However, since there are almost only specifiers (brands) left in Switzerland and no mills, the internationalization process of HeiQ went faster than initially expected. Because of the need to follow their customers supply chain, the company found itself acting in the foreign markets, directly from the beginning. Furthermore, HeiQ was focusing, in the beginning of the internationalization process, mainly on the producers. Over time the company had to learn that the specifiers decide the textile functionality and therefore the company has had to focus much more on the specifiers.

A major benefit within the textile industry, when building up the company, was the prior gained network relationships of the board of directors, scientific board and the management team. The management team is very young with a broad experience in research, product development as well as marketing and sales. The board of directors offers a benefit of strong industry know-how as well as expertise. Last but not least, the scientific board supports HeiQ in technical matters and offer a long industry experience as well as large international networks (www.heiq.com, 2012-05-08). The expertise of all members offers a foundation based on excellent scientific as well as experiential knowledge and leads to an advantage of HeiQ over their competitors, as Skantze (2012-04-30) explained.

4.2.3. RQ 2: HeiQ and their key drivers

When the company was founded there was the aim to operate globally since the domestic Swiss textile market is very limited. Hence, and since there is very little textile industry left in
Switzerland, HeiQ was forced to find other manufacturers and specifiers in the textile industry abroad. By following their customers into the markets all over the world, HeiQ had to learn how the textile supply chain is working. The established brands, which are mainly located in Europe and the U.S.A., decide what needs to be produced and where, but the mills for production are typically located in low cost countries. Such countries are Bangladesh, China, Taiwan, India, Pakistan or Vietnam. Therefore, HeiQ needs to be able to address both the brands as well as the mills in order to ensure a successful product at the end. Kristofer Skantze (2012-04-30 and 2012-05-02) stressed these factors as the major key drivers for HeiQ’s internationalization process and furthermore the viability of the company.

4.2.4 RQ 3: HeiQ and their home market

Since the textile industry is working differently from other industries, HeiQ is highly involved with the global market. However, the company’s headquarter and main R&D facilities are still located in Switzerland which gives the company the opportunity of testing the invented products in-house and offers a good company reputation (Swissness). Some brands are based in Switzerland, making the home market still important. Nonetheless, as the mills are the customers of HeiQ and not the brands, the markets where HeiQ has to sell are foreign markets like India, Romania, Taiwan, Portugal, Thailand and many more. Moreover, all in all non-Swiss markets account for a company turnover of 99,5% whereas Switzerland represents only about 0,5%. This means HeiQ has a relatively small home market, with only one part (brands) present locally today as argued by Skantze (2012-04-30).

4.3 IQF Frost AB

The third of our telephone interviews took place with the Swedish company IQF Frost AB. This company is operating in the food freezing industry and we got the opportunity to talk to founder and CEO, Mr Ruben Larsson. He was also very open and answered our questions honestly and in a substantial as well as traceable way. For a full and better understanding of the company and its products some further information will be given now.
4.3.1 Description and background

The company, IQF Frost AB was founded in 1999, with the aim to provide the international food industry with superior technology in IQF freezing. The founder had previous experience of the existing technology and understood that the future demand would change. Therefore, the company focused on improved performance, low-cost operations and the safety of the food. The main office is located in Malmö, Sweden, this is where the development and assembly of the products takes place. The company’s driving force is the global market and the customer demand. Furthermore, the company provides a financial plan to buy the equipment when a company has a growth on the balance sheet and has been in business for three to five years (www.iqf.se, 2012-05-08).

Products

IQF Frost is producing freezers for IQF (Individual Quick Frozen) products. The freezers are very cost-efficient with high yields, they save power consumption and reduce service costs. They are reliable and are included with a training package with the delivery. Furthermore, as this company provides equipment for the food industry, the freezers are easy to clean and some parts can be removed to give better access for sanitation (www.iqf.se, 2012-05-08).

Fruit & Berries

The IQF technology differs from the competition as it has perfect separation, separate air control and does not make any damages to the product, which is very important for the food industry (www.iqf.se, 2012-05-08). The first foreign order for a freezer came in 2001 from a company in Chile. In 2002, orders came from Germany, Russia, Poland, Ecuador, Tunisia and a large range of other countries, all over the world.

Seafood

IQF Frost is able to separate sticky shrimps, has unique air control and damage reduction (www.iqf.se, 2012-05-08). This is also a very popular group of equipment and the first order came in 2002 from a German firm. The company received many orders from Chile and Thailand, but is also sold to firms in the Netherlands, USA and Latvia.
Cheese & Grains
This product range also provides clear separation, maintains the natural shape of the product and reduces the dehydration of the product (www.iqf.se, 2012-05-08). In 2002, this kind of freezer was sold for the first time to a German company and after that got shipped to Tunisia, USA, New Zealand and Iran.

Meat & Poultry
The freezers for the international meat and poultry industry favour the IQF freezer due to its unique hygienic properties, but also has the ability to separate the food properly, the natural shape is maintained and it reduces the dehydration (www.iqf.se, 2012-05-08). The company started to produce the freezers for this range of products since 2000 and sold the first machines in Sweden. From 2003 onwards, the freezers were exported to Brazil, Denmark, Germany, Spain and many other countries.

Sales process
The company assembles the machines themself in Malmö, Sweden. They order the equipment that is necessary for the machines, put it all together and test the machine, before it is shipped out as Mr Larsson (2012-05-09) stated. The company is constantly on the look-out for new qualified business partners worldwide, in order to have a larger range of markets to enter. In addition, the company also makes it able to buy second hand equipment (www.iqf.se, 2012-05-08). Furthermore, it is important for the company, to attend trade fairs and events that are relevant for this industry.

4.3.2 RQ 1: IQF Frost and their pre-internationalization actions
Ruben Larsson started the business with the idea that he wanted to do something fun and good. He had a clear idea on how the product should look like and decided to build it. He understood that, within this industry, it is of essence to operate globally. The Swedish market would not have been profitable enough. However, there was not a clear structure and there were not any decisions made on how to handle it. The first order came from Öland in Sweden, which eventually led to the sales of multiple freezers in Chile. In order to increase the sales and to find new customers,
Mr Larsson did some research on the market by internet. As he pointed out it was important in order to find and to know the potential customers better, because one of the difficulties for the firm was to find customers. Nevertheless, it was and it is still difficult to find also suitable distributors and agents. This in turn is an on-going process, since the company is still expanding and thus it is something they are still dealing with. Finding the right sales person is of fundamental importance for success since the distributors and agents have the knowledge how to do business in the markets. Furthermore, they have the network or at least are able to build the network which ensures foreign market sales.

4.3.3 RQ 2: IQF Frost and their key drivers

Sweden is a very restricted market for selling freezers in the food industry segment. Hence, the owner of IQF Frost understood that it was important to be a global company. Since he had prior experience in Latin America, it was natural to focus with the sales on this continent in the beginning. Nevertheless, due to the market knowledge and technical know-how in this industry, sales orders also came in soon from other markets. Furthermore, the company visited fairs in every important market to promote their freezers. Further key drivers for doing business abroad are several advantages IQF Frost has over their competitors. Especially, the idea of the CEO was very innovative and thus the freezers are more efficient than the ones of the competitors. IQF Frost machines require less energy, run faster, take less space, they maintain the shape of the fruits and are easier to clean. The only difficulty in the beginning was to promote all these advantages to the customers and gain their trust. Once this was accomplished, the company received more orders. For example, in Canada a customer bought the equipment from IQF Frost and was so proud and happy with it, that he decided to organize an event to show his factory facilities to his customers and competitors as well. This mouth-to-mouth marketing, in turn, was very successful for IQF Frost and increased the orders from this region.

4.3.4 RQ 3: IQF Frost and their home market

As the owner, Mr Larsson stated, the home market for IQF Frost is the world market. The only attachment the company has with Sweden is the location of the production facility and thus, the headquarter. IQF Frost has only received three sales orders for the freezers in Sweden, while has sold in ten years approximately over 100 freezers worldwide. Thus, their current focus is not on
Sweden at all. However, the business market is the rest of the world. By using agents and distributors, the company is able to reach a large customer base from many different markets. Nowadays, IQF Frost is in the process of hiring a sales agent for South-East Asia and is considering entering China. Furthermore, due to a change of legislation in the U.S.A., IQF Frost has a lot of potential, as they build the type of freezer that matches the law. Therefore, the company has improved its marketing actions in this region.

5. Analysis of the empirical findings

In this chapter, we will analyse our findings from the interview with A.M.I., HeiQ and IQF Frost. We will reflect this against the literature that was previously discussed and add our own interpretations of the result. Consequently, major findings will be presented and each sub-question will be answered. These will lead to the overall purpose of this research and we will answer our main research question.

5.1 Born Globals and their pre-internationalization action

An entrepreneur is characterised by innovative behaviour and focuses on strategic management for continuous growth, according to Kirby (2006). A.M.I. was founded by a team of four entrepreneurs who either had knowledge about the health care industry or on international business. Regarding HeiQ, they had an innovative product which became very successful and they were not afraid to take risks. The same goes for IQF Frost, who was able to take risks, had an innovative idea and constantly is on the lookout for new opportunities and ways to grow. Therefore, we believe that this is something that all three founders have in common. Their behaviour and knowledge has influenced the successfulness of the company. They are international entrepreneurs who all influenced the internationalization process when the company was founded. We believe that this also influenced the actions that were taken since the entrepreneurs had an open global minded view of doing business.

The internationalization process for most companies takes place through a step-by-step method, such as the Uppsala model (Johanson and Vahlne, 2009) or the Stage model (Jansson, 2007). The Uppsala model is about the learning process and gaining experience before committing to a
specific market. There is the liability of foreignness that could be of risk for the company. The stage model explains the different stages, regarding internationalization. Thus a firm, first focuses on the home market, then slowly starts to look for the export opportunities and once there is enough trust gained, the firm will export. With the case companies, we found out that the founders either had knowledge on international business or on doing business in a specific market which is in line with Gilge (2005). The founder and CEO of IQF Frost had worked in Latin America, is able to speak several languages and has also fundamental market knowledge in the freezer industry. Furthermore, A.M.I. had knowledge on the industry for medical equipment and received support from the distributors. The management of HeiQ entailed prior market knowledge and language skills. Additionally, the company has a board with a scientific background and has managerial knowledge. All these board members come along with several years of market experience in all for the company relevant fields. Moreover, they are also providing the company with local as well as global networks and relationships which offers a global competitive advantage as pointed out by Kudina et al. (2008). Therefore, we believe that Born Globals do have prior knowledge on international business which they have gained before the start-up of the company. This leads to the fact that they were able to skip steps of the traditional internationalization models. Hence, the opportunity arises to internationalize faster. So far, we have seen this with the three interviewed companies.

Furthermore, there are different ways to enter a foreign market. There are triadic or dyadic methods, which influence the entry node (Sandberg, 2012), in turn, this depends on the opportunities and the way relationships are being build (Jansson, 2007). A.M.I., IQF Frost and HeiQ, all used distributors and agents to enter foreign markets, as the interviewees stated. Thus, they all have triadic relationships, which are established in the host market. The three companies are very involved in the process of finding new distributors and agents, which is in line with the explanation of Sandberg (2012) on triadic relationships. This gives the companies more experience and knowledge on specific markets. Using the agents is successful and profitable enough and also the fastest way to enter new markets. Furthermore, these agents have often a customer base in more than one country. For example, the A.M.I. agent in the U.S.A. is responsible for the whole North America region while the HeiQ head office is responsible for the areas close to Switzerland. Moreover, only A.M.I. has its own subsidiary in Germany, France and
recently also in the U.S.A. This dyadic way, was of interest for A.M.I., due to the regulations in the medical industry. Additionally, we have noticed that these three companies did have the intentions on being a global firm, but were unsure how it would happen. They understood that in their industry, being an international firm is important to stay in business. Therefore, they are constantly on the lookout for global opportunities. We believe, that these Born Globals do look for export opportunities, but do not focus on a specific market. The market is not relevant and by using agents, the companies gain knowledge from them. In addition, by using the agents and distributors, a larger market is reached and the company has to put its main focus on the relationship with them, less on the market. Furthermore, today's increased communication systems improved the possibilities for managers to get in touch and contact with colleagues from foreign companies faster than several years ago. Better and faster communication and transport systems reduce the geographical distance between companies as well as the psychic distance since the management of Born Globals usually comes with a high experiential knowledge of foreign markets as stated before. This aspect has a positive influence on the internationalization of the companies. We believe that the strategy making of a Born Global is influenced by the selection of agents and distributors. This is because, Born Globals have an international perspective and by using this kind of entry mode, their internationalization is speed up.

As Marlow (2006) stated, SMEs have certain advantages and disadvantages that influences their strategy and competitive advantages. The Born Global firms that we interviewed did experience some problems, regarding the internationalization, such as with patents, registration and market entry. Hence, the usage of the agent was very important and many opportunities were reached because of it. However, it did not always work out with the agents. A.M.I. now has a more stricter policy and more developed one than before. They also did not anticipate the difficulty in entering some markets, regarding the patents. Many countries want to test the medical equipment first before it can be registered. HeiQ also has patent and copy issues and has to be careful in entering some markets. Thus, sometimes they did not prepare themselves well enough or they had put too much trust in the agents and distributors. However, HeiQ and A.M.I. did indicate that some problems could occur with the agents and distributors and that it takes some time before it is noticeable that the mediator is not working successfully. We believe that Born Globals are successful due to the usage of agents and distributors. They have their own networks which gives
Born Globals the opportunity to act within a larger market scope, without having to gain knowledge and experience on a specific market. This way they learn through the agent or distributor and get an understanding of the global market. They gradually build experience and knowledge, without attaching themselves to a specific market through an own subsidiary, which is often more costly. We also believe, that the selection of agents should be very careful, as sometimes the agents and distributors might not be operating in accordance with its partners.

To sum up, we believe that the following points are the actions that influence the pre-internationalization and the actual internationalization stage.

- International entrepreneurship: the innovative behaviour and the constant focus on continuous growth has influenced the successfulness of the businesses.
- The founders do have international experience and understand the markets they are operating in, before founding the company. This knowledge was very important for the expansion of the company.
- Agents and distributors are accessible methods to enter foreign markets, which does not require a lot of knowledge on specific markets, as the agent or distributor will handle this.
- The network of the agent make it possible to reach a larger scope and more opportunities.
- The increased communication methods have made it easier for Born Globals to stay in touch with the agent or distributor and it has made the market more transparent.
- The selection of agents and distributors should be more carefully done, as often the companies experience difficulties with this.

5.2 Born Globals and their key drivers

Oviatt and McDougall (2005) pointed out that the existence of Born Globals is related amongst others to resources which are unique as well as controlled by the company. Moreover, Holtbrügge and Enßlinger (2004) also listed some key factor like speed, products and services, international oriented management, networks as well as small company size. We found these drivers with the three case companies. They all had a fast internationalization process, which went faster than initially anticipated. An international point of view, when doing business and they produced innovative products that could be sold through their network. The strategic behaviour of the entrepreneurs also played a role, as strategy making guides the employees to the
same goals, according to Wickham (2006). In order to go deeper into the key drivers, it is also important to have a look at the advantages and disadvantages of Born Global firms. This has an influence on the competitive advantage of the firm and, in turn, on the sustainability of the company, according to Grant (2010). All of the three companies that we have interviewed, enjoyed the advantages of being an SME. These advantages are simplicity, innovativeness and flexibility. A.M.I. also pointed out that they are open to suggestions from customers and employees for the health care industry. The disadvantages of an SME are the access to finance, the founder’s responsibility for the decision making, the inexperience and a lack of resources (Marlow, 2006). Nonetheless, the three companies were able to turn these disadvantages into advantages. IQF Frost took many big steps and took a large risk when the company was founded. The founder sold his house and committed himself fully to the idea which has resulted in leapfrogging. Nonetheless, the company was able to sell the first machine very quickly and business set off fast. The company became more successful than the competitive company, where the founder worked before. All three companies we interviewed were also able to finance themselves fast and successfully. A.M.I. ,for example, received funding from the shareholders, who also act as a distributor and thus had a mutual interest in the development of the products. HeiQ, instead, funded itself due to private investments as well as federal and private grants. Regarding the inexperience, all the owners had prior industry knowledge and some also had specific market knowledge before inception. In addition, even though the founders are responsible for the decision making, as we have stated earlier, the international entrepreneurship of the founders added a positive aspect to these companies. We believe this gave these companies an extra advantage over other SMEs with no prior knowledge. In addition, we believe this could be one of the reasons these three companies were able to be successful on the world market. The founders had a different, new and innovative idea, they believed in it and started the company. This behaviour was a strategic driver for the company to internationalize and their goals to be global has given the company the opportunity to grow. We believe that the companies are able to overcome the disadvantages of being an SME, even though the founder is responsible for the decision-making, this had given the Born Globals an international strategic perspective and led the company into becoming successful.
Furthermore, companies have the option of competing on either differentiation or cost efficiency. Differentiation often leads to innovation, which also renews the firms strategic efforts, it requires multiple capabilities and competencies and a strong entrepreneurial orientation will make it more efficient (Dess and Lumpkin, 2005). The Born Global firms that we have contacted, are competing on differentiation, which is in line with the research of Kudina et al. (2008). Each of them had an unique and innovative idea that was appealing to the world market. These products, are difficult to copy and imitate which is a major advantage all three customers have compared to their competitors. The companies had different backgrounds and different reasons for the start-up. HeiQ and IQF Frost, both believed they had a new idea, which were superior to their competitors. They were right and their decisions had a positive influence on the company. A.M.I. received support from the health care distributors, which had a positive outcome for the company. Further key factors for A.M.I., HeiQ as well as IQF Frost could be extracted due to our findings regarding a limited domestic market. A.M.I.s growth in the domestic market is limited by 120 hospitals in Austria. HeiQs limitations arise from the aspect that only very few textile industry is left in Switzerland. These are only the brands but not the mills which are the real customers of HeiQ. Furthermore, our findings pointed out also the freezer market for IQF Frost in Sweden is very restricted which is in line with Kudina et al. (2008). Our findings related to the key drivers for the companies internationalization can be once more based on Holtbrügge and Enßlinger (2004) because all companies have a small size in common. Moreover, as our findings also show up A.M.I. as well as HeiQ and IQF Frost are geographical highly spread and all companies came along with no fear of entering new markets. Furthermore, and as related to the speed how fast the companies internationalized we interpret our findings, that the pace is intertwined with the offered product, the network as well as the relationships a company has. Therefore, we believe that the main driving factors for going abroad are a restricted domestic market, existing business networks and relationships as well as prior market knowledge and language skills. Furthermore, highly innovative products as well as a significant market growth in a short period of time are additional key drivers in our findings.

To sum up, we have identified several key drivers that influences the BornGlobals in their strategy development and ther internationalization process. These are:
• Have the advantages of an SME and are able to overcome the disadvantages, such as finances and resources accessibility.
• The international strategic perspective guides the Born Globals, it makes it easier for these companies to identify market opportunities.
• The three Born Globals are differentiating their products from the competition and it gives them a competitive advantage. This shows that innovative products gives them an unique position within their industry.
• A limited domestic market, forces them to expand their business.
• Born Globals have a network that they can use, thus prior knowledge plays a less significant role.
• Leapfrogging is successful, taking big steps and high risks, results in a faster internationalization process.

5.3 Born Globals and their home market

Rasmussen and Madsen (2002) stress that the home market is the market where a company feels most comfortable in. Hence, it leads to the fact that it is not necessarily the market where the company was founded, which should be associated as the domestic market. All three companies have in common that they are located in small domestic markets as well as operating in niche markets. However, for the companies A.M.I. and HeiQ the domestic market, respectively Austria and Switzerland, is still of importance because of R&D aspects. For IQF Frost, the Swedish market does not play any particular role. This company only has its headquarter and production in Sweden, since it would cost the same to assemble the machines somewhere else in the world.

Especially for A.M.I., the domestic market is more relevant, because the industry for medical equipment is different and highly intertwined with special regulations and specifications. Therefore, the equipment needs to be tested and released in the domestic market first, before deliveries can be done abroad. This approach is totally opposite of the one which we observed in the textile or food industry. In these both industries, the domestic market offers a highly restricted growth potential, which goes in line with the statement of Leonidou and Samiee (2012). Our findings indicate that HeiQ as well as IQF Frost rely highly on the global customers. Especially for IQF Frost, our findings illustrate that this company does not have a home market at all, as the founder stated that the world is their playground. However, in the case of HeiQ the domestic
market is still important, they see it as their starting base and the business units are in Switzerland. Nevertheless, our findings show that the sales turnover of HeiQ is of nearly 100% foreign related. Therefore, we interpret that even though the domestic market is important for HeiQ, the foreign market is more important, since the majority of the business activities takes place abroad. In turn, we believe that the home market approach does have an influence on Born Globals. They are not able to solely operate in their domestic market, therefore, they will need to expand their business activities to other markets. The three head offices are located in the company’s domestic market, thus most of the strategic business decisions are made in the domestic market. Overall, we believe that the home market is relevant for the three case companies. The home market is dependent on the industry, the products and the regulations that are applicable. Therefore, we believe the home market influences the speed of internationalization and the strategic decisions that are made.

Gabrielsson and Kirpalani (2012), stated that the size of the domestic market is relevant for a fast internationalization of companies. All three case companies markets are small and restricted which pushes the venturing of Born Globals. However, we found out that for some industries, the domestic market is still of importance. We furthermore interpret that a Born Global does not have the same attachment to the domestic market than other local operating companies have. This we relate mainly to the aspect that Born Globals often internationalize quickly after inception. A.M.I. feels some attachment to their home market. Therefore, they have put their focus initially on this market and their first sales activity took place in their home market. A.M.I. focused on Austria, which is also used to test the new products, before exporting them. HeiQ mainly focussed on the Alps region and did not have a larger view than this, initially. They had set their strategy more towards a specific region. They found it important, since they would be able to visit the customers more easily. However, the opportunity arose to sell the products to more markets, outside their planned region. Moreover, IQF Frost had a different perspective and did not have a specific market in focus. Right from inception, they saw the world as their field of interest. while IQF Frost was looking for opportunities and reacted on them. Therefore, their strategy was more towards the whole world. IQF Frost was able to sell its products outside Europe, as they were less limited by any regulations. A.M.I. and HeiQ were limited because of the highly regulated industry. Regarding our findings, we therefore see that the importance of the domestic market is
intertwined with the industry the company is working in. The home market and focus of the company influences the strategy and the successfulness of internationalization. By having a larger view, a larger area can be reached. Additionally, we believe that the industry where the companies are operating in, is important. For the case companies, the type of products are knowledge intensive and specialized. Furthermore, it is possible to sell them globally, without having to tailor-made them to a specific market. Additionally, we believe that the home market is one of the drivers for internationalization and influences the strategy from inception. Since, both the home market and industry requires the company to internationalize, the strategic view is on the world market.

To sum up, we believe that the home market has an important influence on Born Globals. This is because of the following reasons:

- The domestic market is often not sufficient enough, therefore, the firms need to have a global perspective.
- The kind of industry, where the company is operating in, is relevant. This specific industry and market is not sufficient enough, to support the company.
- The importance of the home market depends on the product of the company and the regulations intertwined.

5.4 Born Globals and their strategy

As previously discussed, fast after inception globally operating companies can be divided into different types of Born Globals. Therefore, we have classified our three case companies according to the described model of ‘Types of Born Globals’ under 2.1.4. Moreover we will discuss further the influence of the speed of internationalization, market selection and entry mode/node.

According to our findings, A.M.I. is an export start-up. As Oviatt and McDougall (1994) stated, these kind of Born Globals only focus on a few markets in the beginning. Initially, A.M.I. put its interest in Austria, Germany and France, as they looked most appealing. When the opportunity came, A.M.I. entered other markets as well. Thus, like Baum et al. (2012) stated that they,
afterwards, react on opportunities as they have better learning abilities and more knowledge on international business.

In relation to our findings, HeiQ could be seen as a geographically focused start-up type of Born Global. HeiQ is operating with knowledge intensive products. Initially, HeiQ was only focusing on the Alps region, which is in accordance with this type and they have a high knowledge, since they handle highly specialized needs, within the textile industry (Oviatt and McDougall, 1994). They face the risk of product piracy and illegal copying, as stated by Baum et al. (2012). Therefore, they are only operating in a few markets.

Lastly, in terms with our findings, IQF Frost is more related to be a multinational trader, since the founder of the company had prior knowledge in this industry and in Latin America. The previous international experiences stressed by Baum et al. (2012) had helped the company to grow. Furthermore, IQF Frost sees a lot of potential in the U.S.A. and is also moving to Asia. A constantly look for new business opportunities is a quality of this type of Born Global which is in line with Oviatt and McDougall (1994).

5.4.1. Market Selection

The difference between the traditional internationalization process and the more recent findings, is the market selection. The traditional models suggest that a firm first tries to understand the market and slowly enters markets that are similar and closer to the home market. The recent findings indicate that Born Globals, do not have prior experience and do not look for markets that are close to them, rather they focus on markets that are appealing to them. They all had a global view and were looking for opportunities to arise and where it would be possible to sell their products. We believe this was due to their ability to catch opportunities, as well as the international perspective of the founder and the global strategy.

Zuchella (2005) stated that Born Globals use networks to enter new markets. Networks can be a pool of knowledge and makes the exchange of information possible about specific markets. Furthermore, it gives the opportunity to enter foreign markets without having too much prior knowledge is necessary. A.M.I. is choosing distributors and does not necessarily chooses
markets. Their distributors have different market focus, not only their home market, is their business focus. With HeiQ, they initially target the Alps region and now are looking for further distributors in foreign countries. Through several ‘mills’ in the textile industry, they have reached more markets than they were focusing on. However, HeiQ did look for markets that were close to them that lowers the psychic distance, which is similar to the Uppsala model and the Stage model. IQF Frost had prior experience in Latin-America, but the founder did not solely focus on this market. Furthermore, this company stated that they experienced difficulty with gaining the trust of the customers. Eventually, they gained the trust and one sale led to another, thus the network made it possible to expand to different markets. The company was looking for a network to enter and do business through their network, as contacts and knowledge can be found. IQF Frost did not intent to enter specific markets at this time. Nowadays, they have set their strategy towards the U.S.A. and Asia, as they expect a lot of growth potential within these markets. Therefore, we believe that the Born Globals do not choose a specific market to enter, as they, in the beginning, only react on opportunities and see where possibilities arise. Furthermore, we also believe that the globally oriented SMEs are able to enter more markets due to the usage of distributors and agents. The agents and distributors are responsible for a specific region and they have the knowledge on the market as well as the network within that market. Thus, this gives Born Globals the opportunity to operate in more foreign markets, without needing to open up an expansive subsidiary (contradictory), for instance. Additionally, we believe that there are some similarities regarding the more traditional internationalization models. However, the Born Globals are faster and take larger steps. Additionally, we believe that Born Globals have the required experience, because of their activities before the foundation of the company. Therefore, they already understood the market and selected the different markets, because of their global vision.

To sum up, we believe that the following factors affect the speed of internationalization and the market selection.

- The case companies did not target a specific country to enter, rather they became global by recognizing where the opportunities arose.
- Born Globals have the ability to catch opportunities, due to the international perspective of the founder and the global strategy.
• The network of distributors and agents, give globally oriented SMEs the opportunity to become a global firm.
• There are similarities between Born Globals and the traditional internationalization models. Nevertheless, Born Globals already had prior experience, making it easier to internationalize.

5.4.2 Entry Mode and Entry Node

The entry mode refers to the organization structure and the way a firm enters a foreign market. It is important to choose the right entry mode, since it will influence the amount of knowledge that is needed and that is important for a company. According to Sandberg (2012) the entry node links the different units together and this can either be done through an dyadic or triadic entry mode. Dyadic is the direct relationship with the customers, thus the company gains more experiential knowledge. The triadic entry mode is respectively indirect through an agent or distributor and therefore useful to overcome the liability of foreignness which a company faces abroad. Additionally, also less risk is required. However, the disadvantage of this approach is that the company learns less about the foreign market. HeiQ, for instance, had a dyadic way to reach the Alps region wherefore the company was able to visit their customers. Once the company was a bit more successful and received orders from different areas worldwide, they started to use agents to enter these markets and be closer to the customers this way. Furthermore, HeiQ is using the triadic relationships with their partners because they have a local position and a higher degree of market knowledge. A.M.I. instead had a different approach. They used the distributors from their network in the beginning, but soon opened up a subsidiary in Germany, France and the U.S.A. Due to this dyadic entry mode they are providing workshops and are closer to the customers in these countries as well. Early on, the haemorrhoids products were very successful and they received many orders, especially from the U.S.A.. Therefore, they decided to open up a subsidiary there, too. However, in many other markets, they are mainly using agents, a triadic way that is fast and efficient. Additionally, A.M.I. and HeiQ stated that they had some difficulties with finding the right agents, as they are not always operating in the interest of the company. Nevertheless, A.M.I. and HeiQ have become big, because of the usage of agents, since a larger field could be reached. IQF Frost found customers in different industries and has their own sales agents who are responsible for a particular region. The triadic mode of entering countries came
into effect, once they gained the trust of potential customers and had a bit more success. The agent would be responsible for the sales and after sales of the product. We believe that the entry mode and node is dependent upon the location and the type of product the companies are selling. This, in turn, affects the strategy and internationalization process of the firm. All three companies had some advantage points over their competition, regarding the entry process. We believe that the agents make it possible for Born Globals to expand quickly, because it reduces also the psychic distance. A.M.I. had an innovative product regarding haemorrhoids, IQF Frost has an innovative freezer system and HeiQ is producing an innovative textile product. As mentioned earlier, all three case companies have an entrepreneurial founder and a positive attitude towards their products and they all want to become a global company. By using the previous stated kinds of entry mode and entry node, they have reached this position.

Born Globals see the world as their playground and the way to enter a market is important for a Born Global. However, Born Globals are SMEs and have the disadvantage of finding the right financial resources. This affects their strategic decisions and influences their mode of entry. Agents and distributors are not as expensive as an own subsidiary and also have the necessary market knowledge. We have seen this with A.M.I, who is constantly looking for distributors that are operating in the health care industry and are willing to sell their products. IQF Frost is following their customers and is looking for markets with a lot of potential. For the founder, Latin-America is interesting, since he has prior experience here. However, the company does not solely focus on this part. Currently, they are targeting the U.S.A, because of the high potential of the change in law. Moreover, they are also looking for a way to enter Asia as agents make it easier and more accessible to enter the country. HeiQ, initially focused on the Alps region, 300 km within the head office, since it would be easy to visit the customers. Quickly after inception, they saw the opportunity from the customers in Italy and followed up on this. All of them started to use agents and distributors as they reduce the physic distance and the liability of foreignness. Therefore, it is easier to select markets. We have seen factors of the systematic management model (Ansoff, 1978) with the Born Globals in their strategy making. As decisions are made throughout the organization and not in specific parts of the company. As the three case companies are small, they have to ability to communicate faster and develop the strategies with everyone’s cooperation. We believe that Born Globals have a better ability in following
opportunities and the selected entry mode and entry node, the agents and distributors, make it easier for Born Globals to internationalize. There is a lower distance with the market and not that much knowledge is necessary. Furthermore, we believe that the strategy is focussed on finding the right agent or distributor, but how this will turn out in practice is not certain yet.

To sum up, we believe the entry mode plays an important role in the strategy development of a Born Global.

- A triadic entry mode, is successful in the beginning, as it is an somewhat easy way to enter foreign countries, without having too much risk.
- Due to the entrepreneurship qualities of the founder and the key drivers, a larger region is reached, since they are so willing to expand the business globally and find new agents to sell the products constantly.
- The Born Globals, mainly, follow opportunities and seek for distributors and agents, who make it possible to speed up the internationalization process.

5.4.3 Speed

Most literature is focused on a stepwise internationalization process, such as the Uppsala model (Johansson and Vahlne, 2009) and the Stage model (Jansson and Sandberg, 2008). These models consist of a gradual process, whereby there are several steps to be taken, in order for a firm to move abroad. Hence, the speed of internationalization also is caused by different types of knowledge. The knowledge on the markets is important to do business successfully, as both internationalization models explain. When looking at the three case companies, the three kinds of knowledge, societal, network as well as experiential knowledge, can be found with them. The founder of IQF Frost had societal and network knowledge, as he had worked in a similar company and targeted Latin-America, but also had worked in other countries. Therefore, he understands the culture, politics and business mores more easily. A.M.I. had knowledge on the network, since the founder had worked in this field before and the company was funded by the shareholders, who also act as a distributor. This had made it easier for them to internationalize. HeiQ had all three kinds of knowledge, when it was founded. This had made it much easier for the company to expand their business. We can state, that even through the companies
internationalize fast after inception, they did have prior knowledge on social, network and internationalization aspects. Hence, we believe that this aspects gave them the opportunity to speed up their internationalization pace. Thus, their prior working positions have given them experience and knowledge on this. The positive background affected their decision making and ability to recognize opportunities. They also understood the markets better and did not need to make a special commitment, before entering the foreign markets. In a way, the Born Globals do commit themselves to the agent or distributors, but they do not need to be attached to a specific market. This also affected the speed of internationalization which also led to a higher pace of doing business abroad.

To sum up, the speed of internationalization and therefore also the strategy of a Born Global firm are influenced due to the following aspects:

- The founders of the three Born Global companies, did have prior societal, network and internationalization knowledge. However, this was obtained in their previous jobs.
- The management and founder of the three case companies were internationally orientated, used networks and the companies are small, this all influenced the successfulness of the speed of internationalization and the strategy.

5.4.4 Overview

To sum up our analysis section, we will give an overview of our findings and we will provide an answer to our main research question.

We have identified A.M.I. to be an export start-up type of Born Global, HeiQ is a geographically focused start-up type of Born Global and IQF Frost is a multinational trade type of Born Global. The case companies had different backgrounds, but the founders all decided to follow the product in which they believed in and had a global focus from the start. This was because the domestic market would not be sufficient enough for their particular kind of product. The three case companies have showed us, that they all had the intention of becoming a global firm. Therefore, they had a global view from the beginning. However, none of them had a specific stepwise plan on how to internationalize and the three companies mainly reacted on the opportunities. They were able to identify these opportunities quickly, due to their global view and entrepreneurial
founders. Additionally, the home market and the product group these companies were working in, made it more appealing for them, to internationalize quickly. There are also some similarities with the traditional and more recent internationalization process models. However, what differentiate them, is the speed of internationalization and leapfrogging. The case companies are successful since they have a global view and are not afraid to take risks. By using agents and distributors, not a lot of knowledge is needed and the companies do learn about the industry, through these intermediaries. The learning process might be slower, but the speed of internationalization is faster. This is because of the market selection, the traditional models indicated that companies look for similar markets, while Born Globals seek for opportunities. Additionally, due to the global strategic perspective, the speed of internationalization is important. The industry in the domestic market is not sufficient enough and the companies need to expand to do their business. The agents and distributors are an accessible entry mode, since the Born Globals are small and do not have the financial resources to open up a subsidiary in each foreign market. Furthermore, the agents and distributors reduce the physical distance as well as the liability of foreignness and more markets can be entered in a less amount of time.

For this paper, we developed the following main research question: *Is becoming a Born Global an intended or emergent strategy?*

We believe that the case companies had the intended strategy to be a global company. However, A.M.I., HeiQ and IQF Frost, all got the opportunity to operate in different markets, which they did not initially target. This made them react to the business opportunities, which leaded towards building up an emergent strategy for providing to these markets. However, some parts of the intended strategy did not happen, while other parts of the strategy became possible again, due to the opportunities that made it possible for the company to be global. To answer our main research question, we believe, that being a Born Global is the realized strategy. This kind of strategy, is influenced by the home market, the industry in which it is operating and the entrepreneurial behaviour of the founder. We found out that the case companies have a global perspective right from inception, since their home market and industry influenced their decision. Their focus is on developing the business and are on the constant look-out for opportunities. The founders have gained previous knowledge on the industry and internationalization, which makes
it easier to find agents and distributors. Additionally, we believe that Born Globals are able to skip steps of the Uppsala and Stage model, due to their societal, experiential and network knowledge, as well as their ability to work with agents and distributors. Therefore, they do not need to commit themselves to a market, but to the agents and distributors.

6. Conclusions

In this chapter we will present our findings and provide the limitations as well as implications for further research.

6.1 Born Globals and their pre-internationalization action

In accordance to our findings, we can conclude that the innovative behaviour of the entrepreneurs has influenced the successful internationalization of the case companies. Especially, a constantly focus on understanding the markets they are operating in as well as previously obtained international experience were of importance for the company’s expansion. Moreover, they have gained it before the start-up of the company which gives them the opportunity to internationalize faster. Therefore, a necessary and unavoidable step was the involvement of agents or distributors in order to penetrate the foreign markets even better. Due to the network of the agents and distributors, the possibilities arose to reach a larger scope of customers as well as to gain more opportunities. Furthermore, the use of agents and distributors was an easy method to enter foreign markets. Additionally, the increased communication methods had a relevant influence on the pre-internationalization actions for the three case companies. This is because the markets are more transparent now and it is much easier for the companies to stay in touch with agents or distributors. Therefore, we are also able to conclude that Born Globals are successful due to the usage of agents and distributors which make use of their own networks. Hence, it gives Born Globals the opportunity to act within a larger market scope and without having to gain deeper knowledge or experience on a specific market.

6.2 Born Globals and their key drivers

In reference to our findings and in accordance to the previously discussed literature the size of the home market plays a significant role in the internationalization process of Born Global
companies. Small domestic markets with less possibilities of market growth provide a fast internationalization of companies. Moreover, also the small size of the firms as well as their highly innovative products are relevant factors for a more international oriented business. We are consent with the literature that a small company size promotes the effect of being flexible and adaptive to special customer needs. The Born Globals are differentiating their products, which gives them a competitive advantage. Additionally, the products of Born Globals which are mainly located in niche markets are highly technological and in need of explanation, which narrows the use in the domestic market. Therefore, we are also congruent with the literature that unique resources and their control by the company leads to an international operation quite early. Additionally, the founders of the Born Globals are not afraid to take risks, therefore, leapfrogging often occurs and results in a faster internationalization process. Moreover, prior industry and/or foreign market knowledge as well as language skills additionally abets this process. Hence, we are able to conclude that the main driving factors for doing business abroad are a restricted home market, highly innovative products, existing business networks and relationships as well as prior market knowledge and language skills.

6.3 Born Globals and their home market

Based on our research, we can come to the conclusion that the size of the domestic market is of relevance for a fast internationalization of companies which is in line with the literature. Often the domestic market is not sufficient enough for the companies which leads to an early global perspective in order to stay in business. However, according to our findings we cannot fully agree with the aspect that the home market of a company is where it mainly operates and feels more comfortable in. Due to these findings we can conclude that the view of the home market aspect is intertwined with the industry in which a Born Global is working in. Companies with products that are highly technological, in need of explanation or bond on specific regulations are more related to the market where they were founded than other Born Global companies.

6.4 Born Globals and their strategy

We will give an overview of our final findings and we give an overview of our main research question.
6.4.1 Market Selection

We have seen several similarities between the case companies, regarding the market selection. They all have a global view and were looking for opportunities to operate globally. Networks influence the market selection, as the agents and distributors have their own regions for which they were responsible for. We believe, that with the global market perspective and the use of agents and distributors, it is easier for Born Globals to enter more markets, without having a specific focus. We also believe that there are some similarities with the traditional internationalization model. The prior experience of the Born Global founders made it easier to skip steps of the traditional models and internationalize faster.

6.4.2 Entry Mode and Entry Node

We can conclude, that both entry mode as well as entry node play a significant role in entering foreign markets for Born Global firms. All three cases have shown the importance of the triadic market entry mode in order to penetrate the markets faster and to reduce the psychic distance as well as the liability of foreignness. This is an accessible way, that help Born Globals to overcome the SMEs disadvantages, such as financing expansion. However, companies do have to be careful with the selection of agents and distributors, as they might not always operate in the interest of them. Therefore, we are able to conclude that, since Born Globals mainly follow the opportunities which arise, they seek for distributors or agents. We believe that Born Globals set their strategy to find agents and distributors to reach a larger region and internationalize in a shorter amount of time.

6.4.3 Speed

To conclude our findings in case of the speed of internationalization, we can indicate that the pace which with Born Global companies go abroad is also caused by the different types of knowledge. Societal, network and experiential knowledge are a relevant aspect for doing business successfully on the foreign markets. By having this knowledge, we believe it is easier for companies to enter foreign markets. Additionally, further aspects which had an impact on the fast pace of internationalisation were the facts of a small company size, the usage of networks as well as the pre-existing experiential knowledge all three companies have included.
6.4.4 Strategic Behaviour

We have identified A.M.I. to be an export start-up type of Born Global, while HeiQ is a geographically focused start-up type of Born Global and IQF Frost is a multinational trader type of Born Global. We believe that the global vision of the firm affects the strategic behaviour of the company. They mainly focus on the opportunities they identify, which was easier for them to detect, since they have a global perspective. Furthermore, agents and distributors are an accessibility method to enter foreign markets. Born Globals do not target specific countries, as they focus more on opportunity. Moreover, they reduce psychic distance, the liability of foreignness and speed up the internationalization process. In addition, we believe that the home market influences the strategy making of Born Globals, as they do not offer enough possibilities.

Therefore, we have reached the conclusion that being a Born Global is a realized strategy. These kind of companies have the intended strategy to operate globally, but do react on emergent factors. Some parts of the intended strategy were not feasible, while other parts were possible, this is the deliberate strategy and thus influences the realized strategy. Furthermore, the strategy is influenced by the home market, the industry and the entrepreneurial behaviour of the founder.

Figure 7: Strategy model of Born Globals

6.5 Limitations and Implications for Further Research

The case studies have given us insight on how the strategy is developed by Born Globals. However, there are some factors that influences the outcome of the thesis. We have kept the
validity and reliability factors in mind during the interview and when we were working on the analysis. However, it is inevitable that we have implemented our own interpretations, which could have influenced the outcome of our thesis. Additionally, as we have been working with case studies, the outcome could be different when asking the same questions to the same persons again. Nevertheless, we have tried to reflect our findings to the theory to keep an open-minded view. Due to the limited time frame, we were not able to visit the case companies, which could have given a better understanding of their operational methods and their strategic decision making. Additionally, we have used only three cases, which could be seen as a weak base for the generalization of the conclusion.

We believe that more research could be done on the home market, as the three case companies have a different perspective on this. A distinction should be made between the domestic and home market, as this will influence the outcome of the research. More research could also be done on international entrepreneurship and Born Globals. This is an interesting topic and has an influence on the strategy that Born Globals have. Further research could also be done on the strategic behaviour. Since not a lot of research has been done on global orientated companies. This is to find out if there are changes in the strategic behaviour within the company and how this topic has developed itself over the years. Additionally, this will help to understand the strategic behaviour of Born Globals and their strategy development.
7. Appendix

**Interview questions Born Globals**

1. When was the company founded, how was it funded and what does it do?
2. How many employees does the company have and what are the key products?
3. What were the intentions with the business when it was founded (e.g, local player, global vision, objectives & goals)?
4. When did the company start with the foreign business activities and what made it possible to move abroad? With which product did you go abroad first?
5. How did you become aware of the opportunity/ies that you could deliver to foreign market(s)?
6. How did the company enter the foreign markets? (Export, Agent, Sales office, Manufacturing) and which type did you choose next?
   - Which markets did you enter within the first 3 years after inception?
   - Which markets did you enter after the first 3 years of inception?
7. What were the key drivers to go abroad?
8. Which kind of actions did you force before going abroad?
9. What did you know about the market(s) when entering it/them? Which kind of difficulties (language, laws, rules…) arose while entering foreign markets and how did you react upon these difficulties?
10. Did you assemble information about the markets you were going to enter before?
11. Where do you have your production facility/ies and sales unit? Why?
12. To which extend is this foreign presence different to your company?
13. Lee W. Huebner (Herald Tribune, 1985) stated “Our home market is the world.” What do you see as your home market?
14. Which markets do you deliver to and what is the percentage of sales compared to your overall sales volume?
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**Internationalization Strategy**

1. What was the original strategy and vision of the firm when the company was founded?
2. Did you build up an intended/planned company strategy? If yes, before, during or after inception?
3. How much of your intended/planned strategy could you realize?
   - Do you check and/or modify your planned strategy regularly? In which time span?
   - To which extend did you had to adjust your planned strategy and what were the factors that had an influence on this?
4. Was it necessary to internationalize? Why?
5. Did you intend to be global or did you react to the opportunities?
6. Do you have different strategies planned for different markets? How do they differ?
7. Did the speed of internationalization affect the strategy and if so to what extent?
   - Did the speed of internationalization affect your home market perspective?
   - Is the firm still in its internationalization phase or is it more stable now?
8. How did the internationalization speed or direction of internationalization change over time?
9. Which disadvantages and problems did you had when starting as an SME abroad and how did you overcome them? Why did the problems happen and how did you handle them?
10. Which key factors do you think give you a competitive advantage in your business?

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11. Do you think that you moved abroad too soon? Why?

12. What did you learn from your first foreign activity?

13. How did this experience influence your following business and did you change processes within your company because of this experience?

14. How important are networks and the relationships for you? If so, when did you developed them?

15. Which contacts did you establish in order to learn about the foreign market before? Why?

16. How did you get access to important networks/relationships to enter the foreign markets?

17. If you could turn back time and change something during the initial stages of moving abroad, what would that be?

18. Is there anything which you consider as important we were not asking about?
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Linnaeus University – a firm focus on quality and competence

On 1 January 2010 Växjö University and the University of Kalmar merged to form Linnaeus University. This new university is the product of a will to improve the quality, enhance the appeal and boost the development potential of teaching and research, at the same time as it plays a prominent role in working closely together with local society. Linnaeus University offers an attractive knowledge environment characterised by high quality and a competitive portfolio of skills.

Linnaeus University is a modern, international university with the emphasis on the desire for knowledge, creative thinking and practical innovations. For us, the focus is on proximity to our students, but also on the world around us and the future ahead.