

DIMENSIONS ON BORN-GLOBAL FIRMS' CASE STUDIES

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Tema: ESTRATÉGIA INTERNACIONAL E GLOBALIZAÇÃO

Título: DIMENSIONS ON BORN-GLOBAL FIRMS' CASE STUDIES

Abstract

The objective of this research is to analyze which dimensions and attributes are discussed in born-global firms case studies presented by the literature and in practice. For these two specific objectives were proposed: i) identify the dimensions used to study the born-global firms; ii) identify the main concepts applied to such dimensions; both analysis are based on cases studies addressed in the literature and practical case studies. This research is classified as exploratory and contains a content analysis. Furthermore, it was based on a selection of academic articles obtained on ISI Web of Knowledge database focusing on born-global firms' case studies. The results demonstrated that the main issues regarding the born-global firms are developed in an aligned perspective regarding the theory even when the article's focused on a particular industry. As a contribution, this study presented the list of dimensions and attributes that can be used as a reference for complementary discussions regarding the born-global case studies or even theoretical propositions. The composition of case studies that provides a broad overview for the researchers can be considered as an additional contribution of this article.

Keywords: born-global, case study, concepts

INTRODUCTION

For management in general and strategy in specific the internationalization theme has evolved prominently. Its conceptual evolution has been supported by the duality of theoretical and practical discussions. In this particular issue, it is understood that the economic-social insertion can be seen as leading in establishing new modus operandi and new perspectives for firms or as stated by Johanson and Vahlne (1990 p. 20) that firm internationalization is embedded in an ever-changing world. Furthermore the authors Jones and Coviello (2005) presented the following characteristics to distinguish internationalization patterns (1) mode of transference (cross border business models); (2) place of transference (country); (3) time at which it occurs. Thus resulting in the research problem of this article: which key aspects are relevant when discussing the internationalization model of born-global firms?

Considering this context, this research's overall objective is to analyze which dimensions and attributes are discussed in born-global firms case studies presented by the literature and in practice.

To achieve this objective, the following specific objectives are proposed: i) identify the dimensions used to study the born-global firms; ii) identify the main concepts applied to such dimensions; both analysis are based on cases studies addressed in the literature and practical case studies.

BACKGROUND

Internationalization

Johanson and Vahle (1977) started an explicatory approach to the internationalization of companies by creating the so called Uppsala model. Due to the applicability and success of the model it was constantly updated (Johanson, Vahlne, 1990 and Johanson, Vahlne 2009) and lays the foundation for this research.

The model's first step describes the company's decision in which way they should enter a new market. The entry mode choice should be done by analyzing the costs and risks based on the characteristics of the specific new target market versus its own resources. This process has to be reviewed again after each step of the internationalizing process. With more knowledge of a foreign markets its risks are lowering which again leads to a stronger commitment to the market. This 'Process Theory of Internationalization' describes the company's gradual approaches of entering international markets, which can take up to decades of constantly further involvement

Another influence on the risks related to internationalization is the so called "psychic distance". This attribute is related to the social environment and the gap between the company's experience and knowledge and the market itself. Over time, it was found that it the proximity can, amongst others, be increased by the raise of modern communication technology. According to the researchers, the company's acting in a foreign market allows the firm to increase the knowledge of the market by its gathered experience. This then leads to a greater "commitment" to the market, which can be understood as more investments. With more investment, the learning curve gets steeper which can, in a next step, lead to more investments. The company is step by step increasing its foreign activity. However, the exact pathway of each company is very individual and always depends on human decisions. In the review of the model by Johanson and Vahlne in 1990, the authors focus more on the network concept. A company can build its new international relationships by the following three approaches: (1) Through the establishment of relationships in country networks that are new to the firm, i.e. international extension; (2) through the development of relationships in those networks, i.e. penetration; and

(3) through connecting networks in different countries, i.e. international integration. (JOHANSON, VAHLNE, 1990 p. 20)

It is relevant to indicate that the network referred to by the researches is related to the suppliers, customers (e.g. final or sales-channels) and commercial partners. A firm's success requires that those dimensions are well established (JOHANSON e VAHLNE, 2009 p.1415). Also, according to Johanson and Vahlne (2009), network knowledge development is more than learning from the agents, but also involves the interaction between a buyer's user knowledge and a seller's producer knowledge which generates new knowledge for the firm. This widely appreciated Uppsala model describes the process of internationalization itself. However, it does not explain the characteristics that are required or beneficial for the process. These influences can be separated into internal and external attributes.

Internal characteristics that have influence on the company's performance can be summarized under the Resource Based View (RBV), which describes the company as a bundle of tangible and intangible resources, which are responsible for the competitive advantage of a company (Wernefeld, 1984; Teece, Pisano and Shuen, 1997). Fletcher (2001) summarizes the most important internal factors found in internationalizing theory as being (1) management characteristics and (2) organizational characteristics.

Management characteristics include, among others, the international experience accumulated in their life, like time spend overseas or the country of birth. Other characteristics are related to the managers' knowledge like familiarity with the culture and international business practices. Furthermore, planning orientation and having a strategic or proactive approach were considered to be important for successful internationalization.

Organizational characteristics that were considered to be important were the willingness to develop products for oversea markets, to research oversea markets and to fund the international activities. Furthermore the technological advantage, which is related to the nature of the product were mentioned.

External incentives can be understood under the industrial organizational theory, which argues that a firm's success depends on its strategy, which is determined by external factors (Scherer and Ross, 1990 p. 18). The external environment is responsible for the pressures that let a company adapt to the threats and opportunities (Collis, 1991). External factors mentioned in the "traditional" internationalization approaches were on one hand related to the aids and incentives of the governments. On the other hand, also domestic as well as oversea demand and competitiveness play an important role in the decision making of the company.

The researchers Oviatt and McDougall (1994b p.3) defined four types of international new ventures, which have an adapted early internationalization strategies. The first dimension is related to the scope of activities of the value chain, distinguishing between few and many internationally coordinated activities of the value chain. The second aspect is the market diversity which differs between few and many entered markets. As a result, The framework proposes the following types i) import/export start-ups, ii) multinational traders, iii) geographically focused start-ups and iv) global start-ups. Global start-ups are here defined as companies which enter various markets and also feature an internationalized value chain. In order to address the question when a company is considered to internationalize early, the authors Jones e Coviello (2005) examine further the importance of time to this research stream. They argue that incorporating time as a primary conceptual dimension is essential to understand entrepreneurial internationalization, due to the fact that the firm itself and internationalization behavior are also functions of time. A company is subject to its passing and it also influences the environment. In a way that the internationalization process is related, directly and cyclically, to numerous performance aspects of the firm performance.

To summarize the traditional explanation of internationalization, a traditional firms' internationalization process can be considered as a "stages" model, where firms evolve from

sequential stages from the sales in the psychically and geographically close markets to an ad hoc production site that attends the demand abroad. (Kontinen and Ojala, 2012 p. 6).

Born Global

The phenomenon of the born-global was first discussed in the business literature over twenty years ago when in 1993 McKinsey & Co. published a study where they identified a group of Australian manufacturers who were exporting just two years after being established. Since then it has gained practitioners and academic attention over the last decades. Its relevance can be recognized by the focus of the book “Globalisation and Small and Medium Enterprises” released by OECD - Organization for Economic Co-operation and Development - in 1997 that presented chapters discussing born-global firms.

Born-global firms are in a way challenging the mainstream theories of incremental or gradual internationalization (Oviatt and McDougal, 1994). Different authors argue that the ‘born global’ firms’ phenomenon contradicts the Uppsala gradual process of internationalization (Bell, 1995) by pointing out that ‘born global’ firms internationalize rapidly and intensively, almost from their inception

The born-global concept - according Knight and Cavusgil (2004 p. 124) - is defined as business firms that, from their founding (or very near of that), seek superior international performance based on the sales originated from multiple countries. To those authors,

“The distinguishing feature of these firms is that their origins are international, as demonstrated by management’s global focus and the commitment of specific resources to international activities (...) these early adopters of internationalization begin with a global view of their markets, and develop the capabilities needed to achieve their international goals at or near the firm’s founding. (KNIGHT e CAVUSGIL, 2004 p 124, 125).

Looking at the born-global companies from the resource based view, Oviatt and McDougall (2005) summarize the difference between the traditional models and the born-global stream by a shift of the capability’s importance. Whereas organizational knowledge is considered crucial in the traditional approaches, born-global firms depend more on the individual managerial knowledge. Some researches indicate that the internationalization of the born-global firms is driven by entrepreneurial owner managers with a global mindset which allows them to face the market adversities and to seek for opportunities (Weerawardena et al., 2007 p. 299). Especially the creation of networks is of importance for the newly founded companies (Freeman, Edwards, Schroder, 2006). According to Chetty and Campbell-Hunt (2004) the knowledge of the entrepreneur can substitute the company’s missing experience. The lack of organizational knowledge can even be seen as a facilitator of the rapid internationalization process (Autio et al. 2000).

Also external factors need to be taken into account. Authors like Aspelund and Moen (2005) propose that born-global firms search for international markets as a forced movement to respond to an insufficient domestic market which can be regarded as constraining the business. Furthermore, external developments are creating an environment that allow new ventures to internationalize rapidly. Examples are the globalization of markets, e.g. international value chains and the homogenization of buyer preferences and technological advances like the information & communication technologies, international logistics and modern production methods (Knight and Cavusgil, 2004).

Although born-global firms have become a prominent area of research, there do not yet exist clear definitions when a start-up, or an early internationalizing company can be considered as born-global. The major characteristics to classify a born global company is firstly the time when the company starts to go abroad and secondly the scale of the foreign operations. Kivalainen et al. (2012) found in an evaluation of born global definitions that the maximum

internationalization time is to be between two and three years. The scale of international activities is, depending on the author, between 25% and 75%.

One frequent criticism toward the born-global model is based on the fact that the percentage of sales that are supposed to be external has no relevance depending on the country or even the continent that the company is based on Luostarinen and Gabrielsson (2006, p.780). Some researches indicate that the internationalization of the born-global firms is driven by entrepreneurial owner-managers with a global mindset which allows them to face the market adversities and to seek for opportunities (Weerawardena et al., 2007 p. 299). And it is considered that the internationalization process of born-global firms is a matter of learning through networks, in a process that is neither planned nor linear. (Sharma and Blostermo, 2003 p. 750).

According to Tuppurä et al. born-global firms are supposed to be highly proactive and able to enter new markets rapidly in terms of geographical areas and/or new products and services. (2008 p. 485). Entrepreneurial owner-managers of born global firms assume the development of innovative products as a consequence of close relationship and comprehension to their customer. (Mort, Weerawardena, Liesch, 2012 p. 556-557).

For Andersson and Wictor (2003) the born-global firms' establishment modes are a strategic choice, which can be the total opposite of traditional models (...) and usually consist of a planned rapid internalization through several modes of entry. In a way that the strategy is built only based on firms' resources. As stated by Mort, Weerawardena and Liesch (2012) the ability to develop and configure innovativeness as marketable products provides a compelling source of competitive advantage and superior performance in born-global firms.

Knight and Cavusgil (2004 p. 124) propose that "future researches should aim at deepening our understanding of early adopters of internationalization, which represent a widespread, ongoing trend." that can be seen basically across industries and trading countries.

METHODOLOGY

This research is classified as exploratory as it focuses on a better understanding of the born-global internationalization concepts, due to clarification of concepts and ideas (GIL, 2002; GIL, 2008). It takes the form of a literature review since its preparation is achieved using existing papers analysis, like academic articles (GIL, 2002).

The main advantage of a literature review lies in the fact that, faced as a starting point, the researcher can cover a broad range of his object of study in a much wider way than direct search. This is particularly important when the research problem requires widely dispersed data (GIL, 2008).

The literature review is not limited to repeat or summarize what has already been said about the subject, but its purpose is to reach new approaches and innovative results (MARCONI; LAKATOS 2003). To address the phenomenon of born global companies, publications presenting case studies were taken into account.

Data gathering

A search was conducted on 06.15.2015 in the ISI Web of Knowledge database and the following filters were applied:

- Title: born global
- Topic: case study
- Search domain (web of science categories): social sciences
- Area research focus (web of science categories): business economics
- Type of publication (document types): article
- Publication language: english

The search results were applied to a critic review for the relevance of the articles presented based on the citation data presented by ISI.

Articles with no citation (zero) were disqualified from the selection due to the focus on presenting relevant academic discussions.

Data analysis

A content analysis was conducted, with the selected articles, to identify the researchers' and scholars' focuses when conducting case studies regarding the born global firms – considering that the content analysis focuses on identifying the indicators enabling one to deduce that the reality is different from the message (Bardin, 2011).

The content analysis was made considering all the relevant discussions in the following steps: the authors mapped the issues presented within the article, identified similarities in the content, defined the cluster for the similar issues and defined them as an attribute. The attributes were aligned considering the main topics embedded to finally define the dimensions used in the research.

RESULTS

This section aims to present the results obtained in the research. As described in the methodology, the qualitative analysis conducted in this research was to capture the key dimensions of born-global internationalization discussed in the case studies presented in the selection.

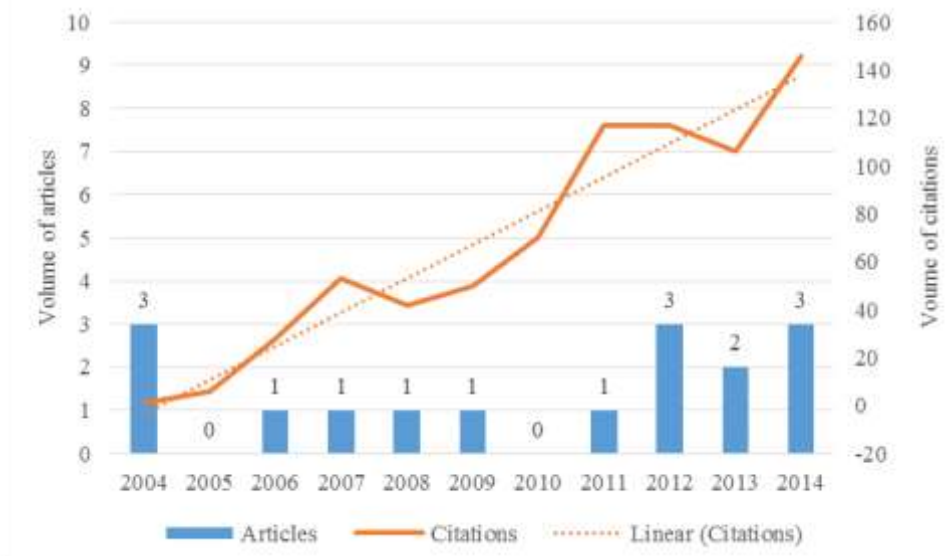
The ISI Web of Knowledge search resulted in 19 articles. These articles had citation numbers between none and over three hundred. After excluding articles with no citation, which guaranteed to present only the relevant discussions in the field, 16 academic articles were chosen for further analysis. After this qualification, the 16 articles were read in order to confirm that the selection was aligned with the purpose of this study (Appendix I) and to identify the main dimensions and attributes presented in the born-global firms' case studies.

Quantitative Analysis

In a next step, analysis were conducted on the selected sample to identify aspects of born-global firms' academic research and the respective issues. Since the main objective of this study is to identify the dimensions presented by the born-global firms' case studies, it can be seen in Chart 1 that oldest publication in the selection was made in 2004.

Even though the first discussion regarding the born-global firm phenomenon was conducted in 1993, the first case study regarding this topic was published eleven years later. Nevertheless it can be identified a positive trend (trendline) on citations number what possibly indicates that the topic is gaining more attention from researches and scholars.

Chart 1. Total articles per year



Source: elaborated by the authors, based on the research

The Table 1 presents the article frequency by journal, in which can be seen that, within the 10 journals that covered the topic of born-global firms, the academic journals Management International Review (focus on research in the fields of international management) and International Marketing Review had the greatest number of relevant articles.

Table 1. Article frequency by journal

Journal	Frequency	Percentage
Management International Review	3	18,75%
International Marketing Review	3	18,75%
International Business Review	2	12,50%
Journal of International Marketing	2	12,50%
European Journal of Marketing	1	6,25%
Industrial Marketing Management	1	6,25%
International Small Business Journal	1	6,25%
Journal of International Business Studies	1	6,25%
Journal of The Asia Pacific Economy	1	6,25%
Long Range Planning	1	6,25%

Source: elaborated by the authors, based on the research

Qualitative Analysis

The Table 2 presents the dimensions and attributes identified on the selected articles - the complete list of attributes identified by the researches is presented at APPENDIX II. In this table it can be seen that although the total number of internal and external factors are equal, the attributes do not replicate the proportionality (14 articles present the same number of citations for Internal e External factors). The Internal Factors the most frequent mentioned attributes are “entrepreneurs or manager knowledge” indicating the owners’ and managers’ relevance for the process of internationalization of a born-global firm. When considering the External Factors, both attributes “market development abroad” and “partnership and networking” present the same high frequency, what can possible indicate the foreign market perspectives are extremely correlated to the network and the partnership built in the new market.

Table 2. Attributes' frequency

Dimensions	Attributes	Frequency
Internal Factors		14
	Entrepreneurs or Manager Knowledge	12
	Firm Strategic Focus	5
	Firms' Innovative Capacity	9
External Factors		14
	Domestic Market Growth	7
	Market Development (abroad)	10
	Partnership and Networking	10

Source: elaborated by the authors, based on the research

Considering that the selection contains only empirical articles that aim to discuss and test hypothesis regarding one or more born-global firm concepts, it was observed that the perspectives captured by the case-studies, although plural, present concepts that are aligned with a global perspective of born-global firm model.

When considering the internal factors, the selected articles have the following propositions:

Entrepreneurs or Manager Knowledge

- The born-global theorists Chetty and Campbell-Hunt (2004) found that the entrepreneurs are accustomed to operate in a global economy. This characteristic is strengthened by the advance of communication technologies. Those attributes are then used to develop strategies and maintain the relationships required by an accelerated process of internationalization.
- Born-global firms usually are founded by entrepreneurs with a strong international perspective. They usually have a strong customer focus with high quality products. Furthermore, they heavily use the firm's marketing competence in order to be successful outside of their home market. (Knight, G; Madsen, T.; Servais, P., 2004 p. 647)
- For Knight and Cavusgil (2004) the international entrepreneurial orientation of born-global firms reflects a managerial mindset focused on innovation that leads the firm to pursue strategies aimed to maximize international performance.

Firm strategic focus

- According to the authors Chetty and Campbell-Hunt (2004) due to the fact that focus and pace of internationalization are established by competitive imperatives to seize a leading position in niche or emerging markets, it's necessary to emphasize the role of strategy in the internationalization process.
- Kalinic and Forza (2012) indicated that born-global firms have extreme flexibility and are able to adapt ever-changing external conditions.
- Born-global firms demonstrated a highly developed ability to identify and mobilize resources from external sources, enrich and extend existing internal resources and to recombine these in novel and elaborated ways with a strategic purpose (Mort, G., Weerawardena, J., Liesch, P., 2012 p. 552)

Firms' Innovative capacity

- Knowledge that fosters unique products development also allows born-global firms to serve specific markets well, giving rise to increased market share and sales growth and supports superior international performance. (Knight, G; Cavusgil, S., 2004 p. 131)
- For the authors Knight, Madsen and Servais (2004) the strategy elements of product quality, marketing competence and product differentiation are a direct influence to born-global organizational performance.

- Frequently, according to Trudgen and Freeman (2014), born-globals operate in specialized markets in highly technical industries with their innovative products in a way that financial returns can be delayed as a scenario of the time and resources needed to educate the market about the value of their products.

Considering the external factors, the case studies mentioned the following characteristics to be beneficial for the creation of born-global firms:

Domestic market growth

- Born-global founders perceive the world as one market and thus do not confine themselves to a single country, this happens due to the fact that they recognize the limited importance of the domestic market from the firms' inception, mainly because they may have either a small domestic market or no domestic market. (Chetty, S; Campbell-Hunt, C., 2004 p. 61)
- For Freeman, S., Hutchings, K., Chetty, S.(2012) born-global firms potentially perceive the downturns of the home market as a trigger to seek foreign locations that can be used to offset fluctuations in demand, as much as changes in the home market regulatory environment.
- The pace of born global firm internationalization occurred because of the entrepreneurial drive and interpretation of the founder(s) as well as the small size of the domestic market and its maturity. (Taylor, M., Jack, R., 2013 p. 704)

Market development (abroad)

- Born-global firms followed international market changes and competitors' actions and then developed their responses, acting like a market driven firm due to product characteristics in the industry. (Kocak, A., Abimbola, T., 2009 p. 447)
- Born-global firms' effective institutional bridging starts with developing detailed social and cultural knowledge about the target markets, such as (1) knowledge about potential customers to customize products and services; (2) cultural knowledge about the norms and practices that underpin commercial transactions, and (3) knowledge of the legal and regulatory environment, both formal and informal. (Karra, N., Phillips, N., Tracey, P., 2008 p.448)
- The born-global firm's most developed resources is the capability to create new markets, generate demand and position itself as a leader in those markets, This ability is further strengthened by the strong capacity to innovate and consequently be a first-mover in the markets. (Sepulveda, F.; Gabrielsson, M., 2013 p. 799)
- For Trudgen, R., Freeman, S., (2014) the born-global firms are aware of the challenges of psychic distance, which reflects a longer-term business perspective, prolonging the amount of time born-global spent in the early international entry/ development phases.

Partnership and networking

- For born-global firms, the influence of networking capability is not restricted to impact on capital requirements and management skills but is instrumental in developing innovative products, in locating markets across national borders and in international market performance (Mort, G., Weerawardena, J., 2006 p.568)
- Born-global strategies that utilize partners are favored because they enabled partnership advantages providing market access and end customer credibility. (Gabrielsson, M., Gabrielsson, P., 2011 p.97)
- For Hagen, B., Zucchella, A. (2014) the born-global firms' social networks work as an accelerator (...) and a significant proportion of the opportunity for exploration and exploitation is to be found by born-global firms in partnerships, which represent a key asset in this companies' resource base.

To strengthen the critical view regarding the born-global firms' dimensions and attributes, the authors discussed the born-global firms' model with a practitioner who is also supporting firms in their early stages of the internationalization process. This should be regarded as a validation of the case studies (APPENDIX III). This additional case – considered exploratory by the authors, offered the opportunity to explore the limits of the descriptions and explanations developed in the article selection's cases (Swanborn, 2010 p. 105)

The main aspects brought by the consultant regarding the born-global firms were (i) the internationalization requires profound knowledge and preparation about the target market, (ii) the decision of becoming a born-global firm usually considers the external factors as much as the internal factors in a combined view, (iii) the entrepreneurs understand that is crucial to establish a local infrastructure / relationship (clients, suppliers, distributors, investors), (iv) the internationalization adoption is aligned with the firm strategic focus, (v) the born-global firms' entrepreneurs are relevant to the internationalization model and have some distinct characteristics (understand the foreign market, for example) and (vi) born-global firms are resource constrained firms in the beginning of the internationalization process.

CONCLUSION

This research's overall objective was to analyze the dimensions and attributes discussed in born-global firms' case studies, in order to extend the understanding of this phenomenon. To achieve this objective two questions were answered : i) identify the dimensions used to study the born-global firms; ii) identify the main concepts applied to such dimensions; both analysis are based on cases studies addressed in the literature and practical case studies.

To properly conduct this research, a categorization was proposed that allowed the authors to map the issues in a standard approach. As a result, the main issues presented in the sample were clustered in one of the six attributes that were consolidated into two dimensions.

The results demonstrated that the main issues regarding the born-global firms are developed in perspective that is aligned to the literature. The authors considered the distinct relevance presented by the attributes used in the research that in a way captures the main perspectives/agents that support the born-global firm internationalization. Furthermore the authors understood that this alignment occurs as a result of the following context: (i) the born-global firm model has not achieved a mature phase; (ii) the plurality of the issues derive from the fact that the case studies are built to analyze different purposes in multiple industries.

As a contribution this study presented the list of dimensions and attributes that can be used as a reference for further discussions regarding the born-global firms' case studies or even theoretical propositions. The composition of case studies can be considered as an additional contribution developed by the authors by providing a broad overview for the researchers.

The study's limitations can be considered to be the reduced number of selected articles that might have some influence on the dimensions and attributes proposed.

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APPENDIX I

Authors	Title	Journal	Year
Knight, G; Cavusgil, S.	Innovation, organizational capabilities, and the born-global firm	Journal of International Business Studies	2004
Chetty, S; Campbell-Hunt, C.	A strategic approach to internationalization: A traditional versus a "born-global" approach	Journal of International Marketing	2004
Knight, G; Madsen, T; Servais, P.	An inquiry into born-global firms in Europe and the USA	International Marketing Review	2004
Mort, G., Weerawardena, J.	Networking capability and international entrepreneurship - How networks function in Australian born global firms	International Marketing Review	2006
Freeman, S.; Cavusgil, S.	Toward a typology of commitment states among managers of born-global firms: A study of accelerated internationalization	Journal of International Marketing	2007
Karra, N., Phillips, N., Tracey, P.	Building the born global firm - Developing entrepreneurial capabilities for international new venture success	Long Range Planning	2008
Kocak, A., Abimbola, T.	The effects of entrepreneurial marketing on born global performance	International Marketing Review	2009
Kalinic, I., Forza, C.	Rapid internationalization of traditional SMEs: Between gradualist models and born globals	International Business Review	2012
Freeman, S., Hutchings, K., Chetty, S.	Born-Globals and Culturally Proximate Markets	Management International Review	2012
Sepulveda, F.; Gabrielsson, M.	Network development and firm growth: A resource-based study of B2B Born Globals	Industrial Marketing Management	2013
Taylor, M., Jack, R.	Understanding the pace, scale and pattern of firm internationalization: An extension of the "born global" concept	International Small Business Journal	2013
Gabrielsson, M., Gabrielsson, P.	Internet-based sales channel strategies of born global firms	International Business Review	2011
Mort, G., Weerawardena, J., Liesch, P.	Advancing entrepreneurial marketing Evidence from born global firms	European Journal of Marketing	2012
Hagen, B., Zucchella, A.	Born Global or Born to Run? The Long-Term Growth of Born Global Firms	Management International Review	2014
Trudgen, R., Freeman, S.	Measuring the Performance of Born-Global Firms Throughout Their Development Process: The Roles of Initial Market Selection and Internationalisation Speed	Management International Review	2014
Kaur, S.; Sandhu, M.	Internationalisation of born global firms: Evidence from Malaysia	Journal of The Asia Pacific Economy	2014

APPENDIX II

AUTHORS	YEAR	INTERNAL FACTORS			EXTERNAL FACTORS		
		owner/manager knowledge	firm strategic focus	firm's innovative capacity	domestic market growth	market development (abroad)	partnership, networking
Knight, G; Cavusgil, S.	2004	International entrepreneurial		Unique products development, quality, Global Technological Competence			
Chetty, S; Campbell-Hunt, C	2004	capability to internationalize	influence of firm strategy, time to internationalization		importance of the home market	psychic distance	use of networks
Knight, G; Madsen, T; Servais, P	2004	entrepreneur with experience (intl)		focus on the customer (portfolio and marketing competence)			
Mort, G.; Weerawardena, J.	2006						role/value of networking
Freeman, S.; Cavusgil, S.	2007	managerial commitment and organizational characteristics			Market impediments (saturation)	Psychic distance	network knowledge
Karra, N.; Phillips, N.; Tracey, P.	2008	entrepreneur competence (identify opportunities)				institutional bridging	preference and capacity for cross-cultural collaboration
Kocak, A., Abimbola, T.	2009	entrepreneurial capital, learning orientation	organizational structure	innovation		market orientations	
Kalinic, I.; Forza, C.	2012	role of entrepreneur	capability to adapt the firm	focus on the important/significant customer		market knowledge	local partners and experts
Freeman, S.; Hutchings, K.; Chetty, S.	2012	market as a platform to additional markets ,		historic links with clients	downturns/regulatory environment in the	familiarity with the culture and language	born-globals have associations

		experience (intl)			home market		with other business entities
Sepulveda, F.; Gabrielsson, M.	2013			knowledge & product capabilities		market knowledge	network management from inception
Taylor, M.; Jack, R.	2013	entrepreneurial drive		innovative culture	small and mature domestic market	cultural similarity with the market	
Gabrielsson, M.; Gabrielsson, P.	2011						relationship, partnership advantages
Mort, G. Weerawardena, J., Liesch, P.	2012	opportunity creation	Resource enhancement	innovative products, customer intimacy	legitimacy establishment		
Hagen, B.; Zucchella, A.	2014	entrepreneurial capabilities and characteristics			environment		networks and partnerships
Trudgen, R.; Freeman, S.	2014			unique and innovative products		psychic distance	
Kaur, S., Sandhu, M.	2014	Background of the founders/managers (prior experience), entrepreneurial orientation	Firm resources		Market/industry structure limitation, Governmental support	Globalisation forces	Networking

APPENDIX III

Interview conducted in 06.20.2015 by the researches – selection

Interviewer	Interviewee: Matt Koppers CEO and founder of the consulting company Startupmanufactury
When you start to consult a start-up. do they usually have their own initiatives to go abroad directly, or is their focus on securing the home market for a few years. And start thinking about other markets depending on the outcome/performance of the first years?	It depends very much on market where the start-up is founded. It depends on the home market, whether start-ups think globally or if they prefer grow naturally at home, and after reaching a certain volume, what how they can grow further.
I see, so we can say that usually we have a very "organic" growth process. When the market becomes too small the companies start looking for new opportunities abroad.	Yes, but also considering the other possible scenarios and cases.
Can you give an appraisal of how strong the market knowledge of those start-ups are before they enter a market. Is it rather almost perfectly prepared or is it rather an incremental process, in the sense that a company begins exporting in small quantities for a rather long period and once they think they understood the market, which they focus strongly on it. How strong is the learning process through exporting? or do they feel very confident and with a lot of knowledge before starting the process	It depends on the nature of the business. When you have a mobile app, it will scale itself automatically. Also because of the global infrastructure. Then again there are the regionally focused models. But generally there is some preparation. When considering Europe, which is a large market, but also divided in 30ish countries, with particular tax system, regulations. You need to hire someone fixedly, if he isn't a freelancer, with then other tax status. When you want to go abroad and need to be prepared accordingly. The second aspect is the market entry. Again depending on the business model depending on the target customers that you want to reach out to. Some ideas spread automatically, the companies just need to deliver the infrastructure. However, every country has its individual specialties, which are necessary to know for a company before the market entry. Each company has its own way to do it.
So there are again primarily external factors on which the company needs to adapt to.	Not always. The external factors are very important to find out whether an escalation and the costs of a market entry are. Internal factors, like a lack of personnel, or immature cost structures, no resources need to be observed in combination.
When a company decides to go abroad, how do companies internationalize, which steps do they take? Can you give examples? Do they start with sales assistance, distributors, acquire staff there?	Our professional services firm, are very dependent on the local market. We have a big network here in London and have a brand equity. If we wanted to go to, let's say São Paulo, I would not know anyone. And people would not know us. Therefore we'd have to build the local structures again. In our case we would go to business schools, do some speeches/events, and invite some PR agencies in order to attract attention. But that takes at least a year, until you can gain a sufficient amount of clients. We would have to imitate the business environment that we created in London to the other city. That depends a lot on people and relationships. You cannot outsource that. Our clients could get advising somewhere else, but they also pay for the relationship, trust that we gained. So it is hard to replicate for us. Having a shop or restaurant would be easier. They come for your product. You can also source the supplier and distributors locally. But in this case you still need to take care of the cultural differences. You need to adjust your product accordingly. Many companies look for local supplier which are usually cheaper. Very important are local investors. They do know the local environment and not only bring money, but also the social capital. This might be one of the most important factors.
The investors?	LOCAL Investors
Would you set goals for your foreign operations which are in relation to your home market? For example that you	The goal setting is dependent on the environment. Especially depending on the market size. The goals are usually set in market share, but also with regards to the then resulting volume. You will

want to achieve a certain foreign percentage after a few years. Or do you just set usual growth objectives, without relating it to the home market.	not be able to achieve your goals perfectly. It usually is a proportional process. Secondly, goals don't always have to be in turnover or volume, but can also be measured in market domination.
So there is not the idea of making sure the foreign presence is high and that the international involvement takes a strong part of the overall companies focus/expenses? Is really is just about the individual markets and what is achievable there.	Decisions are made rationally and therefore there is just an evaluation of costs vs. gains. What is the ROI or the long run profit expectations. It seems more a political, or lobby thing which try to reach a big level of publicity, or those non-material goals. In the business world, especially start-ups, are to strong bound to and let by economical restrictions and thoughts.
Does he to the research on his own and flies there, talks to investors, BCs or does he acquire someone from that market	The research itself is usually done from home by several market analysis available from PWC, Mckinsey, BCG. Or especially business schools have access to other market analysis institutes. With those data the segmentation of the market is started. Top to bottom analysis at first. Market volumes, total accessible market and various other indicators are used in order to achieve a profound decision
Are there characteristics of founders or CEOs of start-ups where you would say that they are missing some characteristics which are necessary to establish the company in a foreign market? Do they lack the knowledge, the cultural sensitivity?	You can take a look at Harvard business review, it is about "global dexterity". They say that the capability to adapt to other markets and/or cultures, but without leaving the own comfort zone. It's about still being yourself while adapting other manners both on personal and business level. This is a very important attribute. But it is also important to understand the dynamics of markets.
Have you ever experienced that you told someone that he doesn't fit to go abroad.	It is just their duty to inform themselves about the no-go's of a country and do their research. But there is always the possibility to learn from the differences and to find solutions according, also regarding to the punctuality.
To conclude our talk a little: I imagined our discussion and your statements to be a little different. Considering the recent literature, which is more based on soft factors. The hard, market and profit driven factors that you mentioned are just mentioned aside. They state that companies do have their own initiatives to go abroad and that they are eager to learn the cultural capabilities, and also do have the capability to do that.	Especially start-ups in their first 2 or 3 years have very little resources, therefore those company think twice or three times how to spend the money. The first priority usually is human capital. And once you decide to go abroad, those companies start looking for investors. When you do not yet have a significant volume you need to firstly take care of the shorter term cost consequences. But also other trains of thoughts are important. For a London fashion start up, it makes no sense to go to Pakistan. Although there are many young people, the total addressable market is bigger, the culture just doesn't fit. Especially on business schools you always learn a rational, commercial view on also cultural aspects.
Literature is also talking about companies shifting its resources so a somewhat strong extent to the foreign market, in order to be successful there.	For me it would not make sense to risk the achievements you have already earned in the home market. Furthermore one must think of the internal structures and processes which need to be established. You need a functioning HR, sales, accounting. Those structures itself are already a big challenge in order to have it working fluently. Those who are neglecting those processes or don't have it 100% up and running in the home market, will never be able to do that in a foreign market. You need to have learned it first
Some articles wrote that the flexible structures are an advantage to adapt to foreign markets.	Local resources are always necessary to be successful in that market. The business model usually is similar, it just gets slightly adapted to the other country. So if companies go abroad, the business model goes abroad, not the people. The old business model with new and different people, which is internationalization.
Considering the resources necessary, it is a big step for the companies.	Yes, but you might also consider the personnel costs. So you also save a lot of money in comparison to western countries. Going to emerging markets lets you get financial advantages of the step. But the initial initiative need to be financed from the home-country