The Influence of Networks on Internationalisation Speed Within the Life Cycle Stages of a Swedish Born Global Company.

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Abstract

Drawing on the Network Theory, this research had the objective to analyse the influence of networks within the life cycle stages of a Born Global company. By developing a framework that consisted of a pre-inception phase, start-up phase and the growth phase, the study proposed to identify which types of networks were used within the development of the BG, and how they influenced on the internationalisation speed. By conducting an in-depth interview, data has been collected to be analysed as a single-case study. Our findings indicate that the company made active use of networks in every phase of its life cycle in terms of acquiring market knowledge, financial support and access to customers in which directly influenced in its internationalisation process and speed. Moreover, we observed that the characteristics of the entrepreneur, the product and also the mechanism of networking contributed to both of the development within the life cycle stages of the company as the internationalisation speed.

Keywords: Network, Internationalisation Speed, Life Cycle Stages, Born Globals.
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III List of Abbreviations

BG: Born Global
CEO: Chief Executive Officer
FDI: Foreign Direct Investment
IB: International Business
IE: International Entrepreneurship
INV: International New Venture
MNE: Multinational Enterprise
SME: Small and Medium sized Enterprise
U-Model: Uppsala Model
IV Definitions

Born Global (BG) – “Entrepreneurial start-ups that, from or near their founding, seek to derive a substantial proportion of their revenue from the sale of products in international markets” (Knight & Cavusgil, 2004, p. 124).

Globalisation – “‘Globalisation’ is the growth, or more precisely the accelerated growth, of economic activity across national and regional political boundaries. It finds expression in the increased movement of tangible and intangible goods and services, including ownership rights, via trade and investment, and often of people, via migration. It can be and often is facilitated by a lowering of government impediments to that movement, and/or by technological progress, notably in transportation and communications. The actions of individual economic actors, firms, banks, people, drive it, usually in the pursuit of profit, often spurred by the pressures of competition. Globalisation is thus a centrifugal process, a process of economic outreach, and a microeconomic phenomenon” (Oman, 1996, p. 5).

International Entrepreneurship – “International entrepreneurship is a combination of innovative, proactive, and risk-seeking behaviour that crosses national borders and is intended to create value in organizations” (McDougall & Oviatt, 2000, p. 903).

Internationalisation – “The process of increasing involvement in international operations” (Welch & Luostarinen, 1988, p. 36).

Networking – “Goal-directed behaviour which occurs both inside and outside of an organization, focussed on creating, cultivating and utilizing interpersonal relationships. Networking is influenced by a variety of individual, job, and organizational level factors and leads to increase visibility and power, job performance, organizational access to strategic information, and career success” (Gibson, Hardy III & Buckley, 2014, p. 146).
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1. Introduction

The literature about Born Globals (BGs) provided an evolution of existing theories regarding the internationalisation process of enterprises. As highlighted by Knight & Liesch (2016), Knight & Cavusgil (2004) and McDougall et al., (1994), these types of firms are not recent, nevertheless, it started to catch the attention of many scholars worldwide since mid-1980’s, due to the increase in large numbers and also to the significant rise of financial and innovation outcomes to the national economies. The external changes promoted by the globalised era arose awareness concerning the determinism of well-established theories (Reid, 1983; Melin, 1992; Magnani, Zucchella, & Floriani, 2018). It is a fact that the contributions brought by the Uppsala Model (Johanson & Wiedersheim-Paul, 1975; Johanson & Vahlne, 1977) made a significant impact for the International Business studies when analysing the behaviours and patterns followed by the companies in its internationalisation process instead of just relying on an economic approach (Knight & Liesch, 2016). Although, despite the concepts of psychic distance, market commitment and the cumulative learning process which lead to the incremental internationalisation model, that served as a framework for many enterprises around the globe, the liberalisation of international markets, economic integration, communication innovations and the internet, provided a market shift. These changes enabled companies to internationalise from its inception and more rapidly, skipping patterns such as the increase of commitment to international activity as proposed by the model (Andersson & Wictor, 2003; Luo & Tung, 2007; Knight & Liesch, 2016).

The BG firm is defined as “entrepreneurial start-ups that, from or near their founding, seek to derive a substantial proportion of their revenue from the sale of products in international markets” (Knight & Cavusgil, 2004, p.124). Different from large MNEs, BGs carry particular characteristics. Partly because they are known for possessing lack of financial resources (Weerawardena, Mort, Liesch, & Knight et al., 2007), human resources (Knight & Cavusgil, 2004), legitimacy (Sapienza, Autio, George, & Zahra, 2006), and also because they suffer from liability of foreignness and newness (Oviatt & McDougall, 1994). As a consequence, BGs typically rely on extensively network relationships to fulfil their resource gaps as well as to obtain international opportunities (Oviatt & McDougall, 1994).
In fact, the use of networks in BGs has also been identified as one of the determinants in which allow these companies to achieve a rapid internationalisation speed (Freeman, Edwards, & Schroder, 2006; Kiss & Danis, 2010). As we take a closer look into the network relationships, we see that Oviatt and McDougall (2005) suggest that there are three critical aspects of a network; the strength of network ties, the size of the network and, the overall density of the network. Networks can also be classified as mechanisms (Ciravegna, Lopez, & Kundu, 2014) obtained by chance, obtained through particular reasons and strategic alliances, client-supplier and personal contacts that help firms and/or individuals to collaborate and communicate to each other in favour of marketing, business opportunity recognition and previous comprehension of different aspects concerning the industry and foreign markets entry. Also, as remarked by McDougall et al. (1994), the founders of BGs, different from other entrepreneurs, are individuals that are ‘alert’ to the opportunities and combining resources from different markets by using their background experience and their social and business links. In general, networks support the BG’ entrepreneur to acquire knowledge and capabilities to expand its international business activities influencing in an early and accelerated internationalisation of the firm. Therefore the first objective of this study contains to investigate the use of network within the internationalisation process of the BG.

Due to the nature of the BGs, the focus of the foreign market entry is an interaction between the development of the company itself and its internationalisation process. Gabrielsson et al. (2008) investigate the behaviour within a life cycle approach as several studies have shown that the use of networks within the development of a BG change over time (Coviello & Munro, 1995; 1997; Majkgård & Sharma, 1998; Andersson & Wictor, 2003; Sharma & Blomstermo, 2003).

To the importance of the networks of the life cycle stages of the BG with the research gap found by Andersson and Wictor (2003) who proposed future researchers to explore the influence of networks on BGs in a more detailed manner, specially highlighting the different types of networks including formal and informal, personal and firm level, and also specific networks including marketing, financial and technological. The second objective of this research, therefore, is to identify what types of networks are used within the life cycle of the BG.

As this research will take the life cycle stages of the BG into consideration in an attempt to specify the types of networks used in the evolution of the new venture and its effect on internationalisation rapidity. According to Coviello (2006) and Zahra (2005), one of the primary drivers that allow these companies to reach faster international presence is because
these phenomena typically rely more on extensively network relationships as they pursue international opportunities. This idea comes to the fact that small enterprises present, in some cases, lack of resources and capital compared to MNEs which leads them to build different levels of network ties to better access assets, overcome foreign market entry challenges and ingress in global markets.

As a consequence, rapidly internationalisation is seen as an option to increase opportunities for an adequate growth (Zahra & Hayton, 2008). Moreover, early and rapid internationalisation provide an advantage for the firm to recognise and learn about market newness, that in turn allows the company to improve, and better identify and obtain future foreign opportunities (Autio et al., 2000; Weerawardena et al., 2007). In this sense, this second research objective is to analyse the internationalisation process of the company.

These two objectives lead to the research question of the paper as follow: “How networks influence the internationalisation speed within the life cycle stages of a BG company?” To answer the research question, a more update aspect of the behavioural theory will be used such as the Network Theory within the BG’ life cycle stages to analyse its influence on the internationalisation speed.
2. Mainstream Theories of Internationalisation of Enterprises

The economic exchange across borders is a phenomenon that has been occurring for centuries. However, its importance to a nation’s development and growth was noticed in the literature by Adam Smith (1776), which was the pioneer to highlight the need to export goods/services to generate revenue to finance imported assets that could not be produced in one particular place or nation. Even though the economic literature has expanded (Ricardo, 1817; Keynes, 1936), it was mainly after the II World War and with the emergence of MNE’s in the international arena that foreign production and activities came into evidence (Buckley & Casson, 1976). As a consequence, many theories of FDI and internationalisation were slowly coming into sight and could be divided into two different groups as indicated below.

The first group derived from neoclassical economics and its main theories attribute to the Monopolistic Advantage Theory (Hymer, 1976), Product Life Cycle Theory (Vernon, 1966), the Internalisation Theory (Buckley & Casson, 1976; 1998) and the Eclectic (OLI) Paradigm (Dunning, 1980). The second group has its origins on Theory of the Growth of the Firm (Penrose, 1959), The Behavioural Theory of the Firm (Cyert & March, 1963; Aharoni, 1966), with the decision-making process elucidated by Carlson (1966), and the Uppsala Theory (Johanson & Vahlne, 1977). Different from the economic approach, this group comprehends internationalisation based on a behaviourally-oriented logic where the learning process, as well as the previous experiences of the decision-maker, are essential aspects to understand a firm’s internationalisation behaviour and future foreign movements (Andersson, 2000).

As for this research, the analyses will be carried out through the prism of behavioural theories. However, the focus of the study will be concentrated in a more updated aspect of its dynamics, seeking new theoretical approaches such as the Network Theory within the BG life cycle stages to analyse its influence on the internationalisation speed. The reasoning to choose this approach is a reflection of previous contributions done in this area (Gabriëls, Kirpalani, Dimitratos, Solberg, & Zuchella, 2008; Rialp-Criado, Galván-Sánchez, & Suárez-Ortega, 2010; Trudgen & Freeman, 2014) related with the subject of analyses.
2.1. The Behavioural Internationalisation Theories

The Uppsala Theory developed by Johanson & Vahlne (1977), became known as one of the most popular and used premise in the IB literature, to explain the internationalisation behaviour followed by companies (Andersen, 1997). Based on the empirical evidence found by Vahlne & Weidersheim-Paul (1973) and Johanson & Weidersheim-Paul (1975), the authors developed a theoretical explanation aiming to enrich the existed theories regarding market-seeking and international expansion. The Uppsala Theory views internationalisation as an incremental and dynamic process where firms gradually increase its foreign involvement in a particular country from a low to a higher degree of commitment when uncertainty is effectively reduced. With the objective to minimise risks, internationalisation starts in markets that show a similar cultural aspect comparing to the firm’s home market based on the reason that such markets would pose a lower risk of internationalisation failure to the organisation (Johanson & Vahlne, 1977; 1990).

As a result, the first assumption acknowledged by the theory is that firms entered new markets with successively lower psychic distance. Psychic distance is defined as “ [...] the sum of factors preventing the flow of information from and to the market” (Johanson & Vahlne, 1977, p. 24). In essence, the concept stresses that firms tend to begin their international movements in countries that are geographically close to their home country and share similar business environment among other aspects, such as culture, political system and industrial development that facilitates the firm’s market entry (Vahlne & Wiedersheim-Paul, 1973; Johanson & Wiedersheim-Paul, 1975). According to Johanson & Vahlne (2009), this concept was based on a liability of foreignness recognised by Hymer (1976) and Zaheer (1995) in which evoked that companies needed to overwhelm their liability of foreignness, in other words, their environment unfamiliarity as a way to be successful towards local firms.

The second assumption proposed by the theory is that market entry is executed carefully into four distinct but sequential stages, known as the establishment chain or the U-Model. The establishment chain describes that market entry initiates with no regular exports to exports via an agent, progressing to the establishment of a subsidiary and then to the establishment of production facilities (Johanson & Weidersheim-Paul, 1975). This stage model of internationalisation constitutes the foundation of the Uppsala Theory, and it is a reflection of its mechanisms divided into market knowledge and market commitment (state aspects); and commitment decisions and current activities (change aspects) as shown in figure A (Johanson & Vahlne, 1977; 1990).
The first concept of the state aspect is market knowledge, viewed as a fundamental factor in the model since it refers to the extent of knowledge possessed by the firm towards the foreign market. Johanson & Vahlne (1990, p. 12) clarifies that there are different types of knowledge: i) Objective knowledge, which can be learned; ii) Experiential knowledge which can be attained through personal experiences; iii) Market knowledge, referred as the awareness of opportunity and problems that are perceived through daily activities in a specific market; and iv) Experiential market knowledge which originates business opportunities and is recognized as a critical propulsion in the process of foreign market expansion. The knowledge developed through the experiences in the current market is vital for the learning process of the company, allowing it to gradually increases its operations resulting in more investments in the chosen country (idem.).

The second concept of the state aspect is a market commitment, composed of two factors: the number of resources committed and the degree of commitment. Resources that can be set in a particular market is considered a commitment to the market; it could include investments in marketing, organisation and personnel (Johanson & Vahlne, 1977). The degree of commitment is defined as the difficulty of finding alternative used for these resources. In this view, the scholars also state that assets produced domestically and are employed in a foreign market moreover constitute a commitment to the market. Subsequently, “the more specialised the resources are to a market, the greater is the degree of commitment” (idem, p. 27).
With regards to the change aspects, commitment decisions are decisions to commit resources to foreign operations and how they are implemented. Decisions are a response to the problems and opportunities perceived through knowledge and the ongoing business executed in the market. In this sense, current activities are seen as a prime source of experience which could be obtained by hiring experienced local employers, as an example (Johanson & Vahlne, 1977).

In order to visualize the gradual pattern followed by the companies and the interplay between the operationalisation process, acknowledge as the establishment chain, and the theoretical concepts represented by the mechanism of internationalisation (Andersen, 1993), figure B (below) illustrates clearly the relation between all the aspects and that the outcomes of one factor that develops the others (Andersen, 1993).

**Figure B. The Establishment Chain**

![Establishment Chain Diagram](image)

Even though the model implies that internationalisation is made by small steps, there are three exceptions to the continuous investment in external markets. The first exception is firms that have a large surplus of resources and can make higher and quicker internationalisation steps. The second are occasions where market conditions are stable and homogeneous. In these situations, the company can acquire knowledge about the market without the need to rely on previous experience. Finally, the third exception is companies that have much experience in markets similar to those they wish to address. These companies can
Literature Review

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synthesize their previous experiences, dispensing the slow process of knowledge acquisition (Johanson & Vahlne, 1990).

Since its first publication, Johanson and Vahlne have revisited the model several times. One of the improvements was made in 2009 as an outcome of the increased research regarding the influences of networks and the role of the entrepreneur in the way business dynamics were being conducted, directly affecting the internationalisation process. For the updated approach, the entrepreneurial process would be linked to learning by experience and to the usage of the entrepreneur previous relationships/networks. According to the scholars, and based on the studies of The Industrial Network Approach (Johanson & Mattsson, 1988) the internationalisation process may not be sequential, but through a network that also brings knowledge to the company in the international expansion (Johanson & Vahlne, 2009).

Networks, in the Uppsala Model, are based on the resource-based view which interprets information and knowledge acquired through relationships as resources that allows firms to exchange facts about capabilities, strategies, plans, and so on. By establishing relationships via business networks, companies can have access to market opportunities that could impact the way business will be carried out, including perceiving market risks and overcoming uncertainty (Johanson & Vahlne, 2009).

However, for a company to have the best internationalisation opportunities through relationships, being well positioned in a foreign network is also an essential factor for a firm's expansion success. If a firm is not integrated into a significant network, the firm can experience a 'liability of outsidership'. Liability of outsidership is a term attributed to the lack of market-specific business knowledge, such as laws, consumer habits, and language that can be an aggravator for an effective internationalisation process (Johanson & Vahlne, 2009).

With the network approach added to the model, Johanson & Vahlne (2009) also made a small change into the mechanism of internationalisation, as viewed on figure C shown below. Even though the concepts from the first mechanism relates with the updated version, some of the old terms were replaced by new terms as is described below.

Starting with the state aspect, the authors substituted market knowledge for knowledge opportunities, or ‘recognition of opportunities’. This concept was built on the idea that the knowledge gained by relationships may bring favourable circumstances, that benefits the company to proceed with the internationalisation process. Opportunities can be characterized as market needs and strategies viewed as strategic information to reach superior results. The second concept is network position, replaced by market commitment. As already mentioned, companies should be well positioned in a network in order to achieve a better
internationalisation performance. However, attributed to this concept, there is another aspect also important to take into consideration concerning the trust built between the actors. Trust can be an outcome of relationships. By building trust with a network, firms can have easier access to (new) knowledge or it can either replace knowledge. Trust may be developed into a commitment when there is a disposition to continue the relationship and to maintain its position within the network (Johanson & Vahlne, 2009).

For the first variable of the change aspect - relationship commitment decisions - the only difference from the first model is that ‘relationship’ was added at the beginning of the variable. As stated, firms will make commitments according to the trust built with the other parties. The commitment to a relationship or network will be a consequence of how much effort a company is willing to give. This action characterises if the network or relationship is weak or strong or if the commitment is to protect or support strategic relations. According to the authors, the decision to make a commitment can be two: either to develop a new network or to make ‘bridges’ to fill needs or develop other linkages (Johanson & Vahlne, 2009).

Figure C. The Business Network Internationalisation Process Model (the 2009 version)

Throughout the years the Uppsala Model gained much support as well as criticism. The supporters of the theory can be found in the works of Holmlund & Kock (1998) in which the scholars raised evidence that Finish SMEs favoured the expansion of activities in countries with a similar business environment and geographically closed markets. Erramilli et al. (1999)
also agreed that physical distance is relevant when they analysed the internationalisation of South Korean enterprises. On the other hand, Forsgre (1989) and Andersen (1993) highlighted that the model is only applicable at the beginning of internationalisation stages since knowledge and resources are, in most cases, scarce. Reid (1983) argues that the establishment chain is to restrict and companies should follow internationalisation patterns that are more strategic to its objectives and according to the current market situation. This argument goes along with the recent findings of Magnani et al. (2018) in which the researchers found that the firm-specific strategic objectives were determinants of foreign market selection, overcoming the concept of psychic distance.

Along with these critics, the stage-by-stage or step-by-step internationalisation model acknowledged by the Uppsala Theory has also been a topic of controversy in the IB literature when scholars started to analyse the phenomenon of small and young firms experiencing faster internationalisation process from the venture’s birth or near founding (Hedlund & Kverneland, 1985; Gupta, 1989; Jarillo, 1989; McDougall, 1989). This anomaly became known through different concepts, as brought up by Andersson & Victor (2003) and McDougall et al. (2003), such as ‘Born Globals’ (Knight & Cavusgil, 1996; Madsen & Servais, 1997; Madsen, Rasmussen, & Servais, 1999), ‘International New Venture’s’ (McDougall, Shane, & Oviatt, 1994) and ‘Instant Exporters’ (McAuley, 1999). Even though there are different denominations and the term BG is more frequently common, Cavusgil & Knight (2015), Terjesen et al. (2016) concludes that all these concepts are more similar than distinct and some authors (Evangelista, 2005; Rialp, Rialp, & Knight, 2005) even refer INV’s and BGs as exchangeable. However, a study of Crick (2009) concluded that the difference between both terms relies on the fact that BGs are more globally-focused while INV’s are more regionally-focused.

According to Oviatt & McDougall (1994), despite to the fact that these BGs have existed for centuries, it was only after the advancements of technology, communication and the internet experienced in recent decades that brought the young and small internationally firms to the spotlight becoming a ‘hot topic’ in the field of IB. As stated by McDougall et al., (2003), the emerging of this phenomena have offered another direction in the studies of enterprises since most of the previous researches only concentrated on large established corporations.

A BG company is defined as “Entrepreneurial start-ups that, from or near their founding, seek to derive a substantial proportion of their revenue from the sale of products in international markets” (Knight & Cavusgil, 2004, p. 124) and these types of companies have specific characteristics, starting with entrepreneurs that according to Rasmussen (2002) have a strong international experienced background. They are usually individuals that rely on their
knowledge from previous employment, experiences and linkages that are useful to conduct the business and reach its strategic internationalisation goals. They also have a global-oriented mindset, they look at the world as one market (Rennie, 1993) and are alert to perceive and recognise specific business opportunities to fulfil market gaps. In addition, the entrepreneurs’ previous work experience and their network play an important role regarding market entry strategies (i.e. export, licensing, and joint venture) and finding new markets to establish in (Andersson & Evangelista, 2006). This aspect contributes to a proactive business organisation that gives rise to an intense and accelerated internationalisation process allowing them to skip patterns such as the ones proposed by the stage models (Johanson & Vahlne, 1977; Bilkey & Tesar, 1977; Cavusgil, 1980; Reid, 1981).

Another characteristic associated with BG is about their products and/or services. According to Knight & Cavusgil (2004), and Oviatt & McDougall (1994), these new ventures commonly develop unique products that are also attributed as a key driver for their rapid internationalisation. Knight (1996) and Madsen & Servais (1997) highlights that BGs are more niche-oriented, focusing on standardised products or custom made offers. Their outputs are known for being differentiated, innovative with high quality (McDougall, Oviatt, & Shrader, 2003), some scholars connect them as being part of the highly-technological-based sectors (Crick & Jones, 2000) such as the software industries. On the other hand, Madsen & Servais (1997) and Andersson and Wictor (2003) highlighted that BGs could come from all kinds of market segments (i.e. trading companies and mature industries) and are not limited to a high or low tech industry (Rennie, 1993).

Moreover, there are also some facts in the literature that are not very clear about this phenomenon. Some of the scholars have different perceptions regarding the year of the firm’s establishment, as an example, Knight (1996), Rasmussan et al. (2001) consider firm’ established after 1976, Autio et al. (2000) consider after 1986, and Moen & Servais (2002) and Rasmussen & Madsen (2002) consider firms that are less than twenty years old. The start of the international activities is likewise a topic of discussion, Moen (2002), Moen & Servais (2002) agrees that foreign expansion start less than two years after the establishment and Rasmussen & Madsen (2002) support the idea that it is less than three years of its establishment. Other scholars go forward arguing that it could start within three or five years (Zucchella, 2002) or perhaps within eight years (McDougall et al., 1994) after its inception. And last but not least, the percentage of foreign sales in which Cavusgil & Knight (1997), Rasmussan et al. (2001), Moen (2002) and Moen & Servais (2002) says that the total international sales should be more
than 25% and Chetty & Campbell-Hunt (2004) says that it has to be more than 75% of total foreign sales.

As mentioned above there are many characteristics attributed to a BG that determines in somehow their foreign expansion from inception or soon after their inception. Perhaps, the most distinct attribute found in the literature of these young and internationalised firms is the role of the entrepreneur. The entrepreneur is considered an essential element behind the internationalisation behaviour of these companies. In addition to this aspect, the way entrepreneurs perceive distance and comprehend psychic distance also influence the international expansion of a BG since these types of firms do not restring their international activities only to countries that are mental, geographically or culturally closed. With the emerge of BG literature researchers have associated this phenomenon with international entrepreneurship (Brush, 1993; Oviatt, McDougall, & Loper, 1995). Entrepreneurs play an important role on the development of wealthy BGs, as its success is highly dependent on the pattern that has been discovered by Zahra & Garvis (2000) between rewarding internationalisation and the innovative activities performed by these individuals.

There are many ways to describe the international entrepreneur. One way to interpret is that “international entrepreneurship is a combination of innovative, proactive, and risk-seeking behaviour that crosses national borders and is intended to create value in organizations” (McDougall & Oviatt, 2000, p. 903). In line with BGs, Instant Exporters and the INV’s, entrepreneurs are characterised by the rapid internationalisation action (Andersson & Wictor, 2003). As overtime Oviatt & McDougall (2005) adjusted their vision on the explanation of IE and state is as follow: “International entrepreneurship is the discovery, enactment, evaluation, and exploitation of opportunities—across national borders—to create future goods and services” (p. 540). The reason for the adjustment lays in that the behaviour of entrepreneurs enables the opportunities to be seen and to act upon them with a specific focus on the ‘across national borders’ what makes it the international entrepreneur. On the other hand, Zahra & George (2002, p. 11) define IE as "the process of creatively discovering and exploiting opportunities that lie outside a firm's domestic markets in the pursuit of competitive advantage". This definition is due to the fact that entrepreneurial activities are an ongoing process that doesn’t solely happens in the start-up phase of the business. The international entrepreneurship should be studied in both new as established firms (Zahra, 1993). While the risk-taking decisions and the innovativeness of the entrepreneur do not only show in the early stage of a company, as it is an ongoing process, the opportunity to go international can arise during a later phase of the BG. The reason that Zahra & George (2002) choose to add
‘exploiting’ in their definition of the international entrepreneur is that the opportunity can be discovered but has to be exploited to make it work.

Another exciting feature is to look at the individual itself and focus on the level of ambition and scale of motivation and risk-taking. Remarkable characteristics are the background of the entrepreneur, earlier work experience, education and their vision about internationalisation as the focus is on the international entrepreneur. The entrepreneur and its characteristics cannot be pinned on just one definition or explanation.

Taking a closer look at the education of the entrepreneur since education embellishes the knowledge and capabilities of going abroad, Andersson & Wictor (2003) study concluded that more significant amount of entrepreneurs who achieved internationalisation had an academic degree. Nonetheless, another study concluded that an academic degree is not needed for a high performance abroad (Kaynak & Kuan, 1993). Achieving the needed knowledge can be gained in more ways than by an academic degree. As Turnbull & Welham (1985, p. 36) state: “Firstly, training can occur through job experience, as well as through formal learning programs. However, although formal qualifications alone may not necessarily indicate effective skills, across a sufficiently large sample, and other things being equal, it is reasonable to use educational qualifications as a proxy measure of certain acquired skills and competence”.

The experience in the past of the entrepreneur is another characteristic that could bring value to the future. Garnier (1982, p. 122) says that: “people who have lived in an international atmosphere, who has worked for multinational corporations or international institutions, or who have spent some time in the foreign service will be expected to be more favourable to exporting”. The experience in different roles within a company leads to flexibility, innovativeness and quality performance. Within the study of Swedish entrepreneurial BGs Andersson and Wictor (2003) concluded that experience in the international field is an essential element for the internationalisation.

Besides the experience within a company that has accomplished the international market, the time spent abroad could also affect the entrepreneur. Living or working abroad could give the opportunity to accomplish a foreign network that would be valuable for the ventures’ internationalisation. As well as the involvement in different cultures as it reduces the physic distance as the skills in the foreign languages. Swift (1991), Terpstra (1983) and Williams & Chaston (2004) said that effective communication depends on the language proficiency. The language proficiency will reduce the psychic distance, minimises the misunderstandings and gives the opportunity to be emotionally expressive.
With the appearance of early internationalised ventures in the worldwide arena, the speed in which this firms where accessing global markets intrigued many researchers to identify the causes behind this performance. Subsequently, the next section will be dedicated to showing the determinants that allow these ventures to achieve a speedy foreign market entry.

2.1.1. Internationalisation Speed

The phenomenon of analysing internationalisation in a temporal dimension is often debated in the internationalisation literature, especially in the BG studies (McDougall et al., 2003; Acedo & Jones, 2007). The phenomenon has been approached through various denominations such as pace (Vermeulen & Barkena, 2002); rapid (Freeman et al., 2006); accelerated (Pla-Barber & Escribá-Esteve, 2006); early internationalisation (Zhou, Wu, & Barnes, 2012; Cavusgil & Knight, 2015); time (Zahra & George, 2002; Hilmersson, Johanson, Lundberg, & Papaioannou, 2017); speed (Wagner, 2004; Kiss & Danis, 2008; Casillas & Acedo, 2013); and pre-internationalisation (Kiss & Danis, 2010). As for this research, it was adopted the term speed for being the most frequently used (Oviatt & McDougall, 2005; Acedo & Jones, 2007).

Several authors have proposed a definition and a conceptualisation for speed. Casillas & Moreno-Menéndez (2014, p. 86) define that speed is “the relation between the internationalisation process and time”, and conceptualises as the period a firm takes until its internationalisation post-entry (Chetty, Johanson, & Martín, 2014). Casillas & Acedo (2013) argue that “speed is the relationship between patterns of events and time” (p. 19), and its conceptualisation refers to a multidimensional construct that combines international behaviour and time (Chetty et al., 2014). Going into a different direction, Chang & Rhee (2011), define speed in relation with the economic theories, saying that speed is “the average number of FDIs in new countries per year since a firm’s first FDI” (p. 980-1). However, they fail to discuss the nature of their concept (Chetty et al., 2014).

By analysing this arguments, Chetty et al., (2014) highlights that a wide range of studies conceptualize speed within a time-based period between the time a firm’s take to internationalise from its inception, which in turn provides a limited chronological outlook and ‘unidimensional view’ concerning the complexity of speed and the internationalisation process. Also, despite to the fact that the conceptualisation of speed could be analysed through different internationalisation approaches, the authors argue that many studies still offers a lack of theoretical background affecting its validity. As a fact, they proposed a conceptualisation based on the Uppsala Model (Johanson & Vahlne, 1977) and its dynamics, by arguing that speed has
two components: time and distance. Time is related to international commitment. It refers to "the amount of capabilities the firm invest during a specific period of time" (Johanson & Vahlne, 1977, p. 641). In this sense, the authors argue that the higher is the commitment of resources devoted in a foreign market, the higher is the internationalisation speed of the company. As for distance, it is the "distance covered as the firm’s current state of internationalisation" (Johanson & Vahlne, 1977, p. 640). By conducting activities in a foreign market, the firm gains experiential knowledge that can be implemented in other foreign markets, thus contributing to a rapid internationalisation.

One of the first studies to highlight this phenomenon is attributed to Oviatt & McDougall (2005), in which the authors concluded that the speed of internationalisation is a result of four types of forces; enabling, motivating, mediating and moderating forces, known as ‘The Model of Forces Influencing Internationalisation Speed’ (figure D).

Figure D. Model of Forces Influencing Internationalisation

The first force of Oviatt & McDougall (2005) is the enabling force which means that the transportation, communication and digital technology has been more efficient and faster than ever which appears to be an important factor in the rapid internationalisation. The second force, motivating are the competitors who built the pressure on the entrepreneurs. Especially, when the venture business is part of the technology sector which could present a certain amount of market uncertainty (Moriarty & Kosnik, 1989). This turbulent environment (Renko &
Tikkannen, 2002) makes the entrepreneur anguish of competitors being the first to respond and therefore block the opportunity for going international.

The third force is the entrepreneur itself, the characteristics and the years of experience in the international field. The way the entrepreneur can define the opportunities by observing and expound the enabling and motivating force. The mediating force is a crucial factor to create the accelerated internationalisation (Oviatt & McDougall, 2005). Besides, McDougall et al. (1994) argue that the entrepreneurs are key elements for the success of international new ventures and their internationalisation speed due to the fact that they pursue aggressive growth goals through the use of strong networks and solid well-coordinated organisational processes. When the entrepreneur features the mediating force, the focus will lay on the moderating force that can be divided into the ‘network relationships’ and the ‘knowledge-intensity.’ The level ‘knowledge-intensity’ of a venture is important since it can be applied in creating a high and sophisticated product. By introducing novelty into a market, it distinguishes the company from its competitors, thus creating a competitive advantage that will lead to a faster internationalisation. In regards to networks relationships, it can be a fruitful mechanism of acquiring know-how that enables owner-managers to access knowledge, exploit opportunities and cope with eventual restraints.

When it comes to measuring the speed, the majority of the studies are built above three bases of analyses: first year of the companies’ exports (Weerawardena et al., 2007; Khavul et al., 2010); year of foundation x first export (Zucchella, 2002; Pla-Barber & Escribá-Esteve, 2006; Weerawardena et al., 2007; Gabrielsson et al., 2008; Coeurderoy & Murray, 2008; Kiss & Danis, 2008; Musteen, Francis, & Datta, 2010; Ramos, Acedo, & Gonzalez, 2011; Casillas & Acedo, 2013; Madsen, 2013; Zhou & Wu, 2014; Cavusgil & Knight, 2015; Coviello, 2015); and internationalisation precocity (Zucchella, 2002).

Given the first direction, scholars evoke that a number of determinants influence internationalisation speed. The determinants can be categorised into three divisions, the entrepreneur characteristics, and the firm’s internal and external factors. To visualise the antecedents influencing on internationalisation speed, table 1 provides the main findings regarding this topic. From left to right the first column represents the divisions in which the antecedents are inserted. The second column represents the determinants, the third column identifies the authors and year of publication, and the last exhibit the influence of each determinant on speed. Additionally, the influence could be either positive (+), negative (-), or no influence found (N/I).
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<tr>
<th>Division</th>
<th>Determinants</th>
<th>Authors and Year</th>
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<td>Previous experiences</td>
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<td>Casillas &amp; Acedo (2013)</td>
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## Literature Review

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Source: Adapted from Morandi (2018).

By evaluating the findings, we can identify that the networks, both the entrepreneur and the firm', are among the main aspirants of internationalisation speed. This conclusion correlates not just with the characteristics described of a BG, in which they seek networks because they mainly depend on international markets to commercialise their products or services (Freeman, et al., 2006), but also because networks go beyond in just providing knowledge. Networks enhance the learning of foreign environments, and they provide valuable information to develop capabilities to improve the company’s outcomes and reach its objectives. In order to have a deeper understanding of the network approach and its dynamics, the next section explains the theory which will serve as the theoretical background of this research.

#### 2.2. The Network Theory

The Network Theory has been widely researched in the business literature over the past decades. As highlighted by Johanson & Vahlne (2009) “now the business environment is viewed as a web of relationships, a network, rather than as a neoclassical market with independent suppliers and customers” (p. 1411). Since the approach sees markets as a net of ties consisted of innumerable players such as customers, suppliers, competitors, among others
that composes the ‘network’ (Coviello & Munro, 1995) the theory provides a framework in order to understand the web of relationships in which the companies are inserted (Johansson & Mattson, 1987).

According to Jack (2005), the roots of the network approach, studied at an organisational level, dates back from the 1930’s. However, it was only in recent years that the theory gain strength and researchers started to realise its importance for the organisations as a role (Baker, Nohria, & Eccles, 1992). With regards to the internationalisation process, the first approach in this field was provided by a group of researchers, more notably Johanson & Mattsson (1987), from the University of Uppsala that after years of industrial marketing research related with the interconnected nature of market relations. The scholars concluded that the foreign expansion is an organic evolvement constructed between network relationships through operations and partnerships (Johanson & Mattsson 1987; 1988). This first assumption became known as The Industrial Network Approach and served as a base for what became years later The Network Theory.

One of the main argument of the Network Theory is that companies are reliant on the knowledge from others to do business (Antti & Räisänen, 2003) and create value (Holm, Eriksson, & Johanson, 1999). As for international expansion, the model suggests that internationalisation occurs when companies are well positioned within a foreign network and establishing strong relationships with their counterparts. This relationship involves a slow process of increase and continuous trust and commitment (Johanson & Mattson, 1988). Johanson & Mattson (1988) claim that internationalisation through networks can be achieved in three different ways: 1) International Extension – Establishment of positions in relation to counterparts in national nets that are new to the firm; 2) Penetration – Developing the positions and increasing resource commitments in those nets abroad, in which the firm already has positions; and 3) International Integration – Increasing co-ordination between positions in different national nets.

Despite some similarities with the Uppsala Model, the Network Theory has its peculiarities. For Johanson and Vahlne (1990) knowledge of a new market is acquired only through experience in the foreign country itself. Based on this hypothesis, the market experience is what endures the demand for business opportunities and thus international expansion. On the contrary, the network model suggests that through networks companies can gain foreign market knowledge before internationalisation takes place. Hence, the model comprehends that networks provide a ‘bridge’ to expand internationally (Johanson & Mattsson, 1988) influencing on market selection and entry mode decisions (Coviello & Munro, 1997;
Coviello & Cox, 2006). An important point that needs to be considered is that Johanson & Mattsson’ (1988) Network Model only focuses on business-to-business relationships, excluding the role of non-business actors. For this reason, the Network Theory relies on theories of social exchange and resource dependency (Sasi & Arenius, 2008).

Even though establishing networks required in most cases time and effort, companies are usually driven by their benefits and networks can be formed and terminated according to the company’s objectives. In this sense, networks can be considered as stable and change simultaneously (Antti & Räisänen, 2003). With regards to its characteristics, networks ties can be characterised through different forms, such as formal, informal, intermediary, and institutional ties. Their formation could be either strong or weak, active or passive, or horizontal or vertical.

As for formal, informal and intermediate ties, Coviello & Munro (1997) and Ojala & Tyrväinen (2007) claims that formal ties (also referred as Business networks) is an existing tie among business partners, for example, clients, suppliers, and enterprises while informal ties (also referred as Social networks) are social relationships with friends, family, colleagues from previous jobs, or schoolmates. Larson & Starr (1993) stresses that formal ties can become informal ties or the other way around, which makes the terms ambiguous as highlighted by Kontinen & Ojala (2011). However, Chetty & Holm (2000) claim that formal ties are well-structured networks that allow companies to exchange positions and relations between them giving independence to their actions. On the other hand, informal ties are weakly structured networks, they are characterised as very sensitive, and their involvements are sometimes unclear. As for intermediate ties, they are considered as not being part of a particular network structure, but they act as a link connecting different actors to initiate a relationship (Oviatt & McDougall, 2005).

Institutional ties are formed by governments, unions, NGO’s, business incubators, research institutes, agencies for international development, advisory and support offices, universities, and innovation centres (Séror, 1998; Oparaocha, 2015). According to Oparaocha (2015), institutional ties provide companies with financial support, market information, business contacts, and partner searches. The objectives of institutional networks are to provide support to foster the business, both locally and internationally, as well as its foreign investment. In this case, the institutional networks focus on the interaction of a firm with potential capital that cannot be obtained through social exchanges (Audet & St-Jean, 2007).

When it comes to is formation, strong and weak ties are also discussed in the literature, Kontinen & Ojala (2011, p. 442) brought up several researchers that can indicate the real
density of a network by examining its closeness (Marsden & Campbell, 1984), trust (Morgan & Hunt, 1994; Jack, 2005; Elg, Ghauri, & Tarnovskaya, 2008), mutual respect (Jack, 2005), and commitment (Hite, 2003; Morgan, & Hunt, 1994). Regarding its efficiency, strong ties are usually more trustworthy, and they are more readily available. Horizontal networks are characterised by inter-firm cooperation with partners within the network (Johnsen & Johnsen, 1999), as a vertical network are relationships within other firms to provide access to resources in order to produce a product (Marcela Herrera Bernal, Burr, & Johnsen, 2002). Inactive networking, the initiative is taken by the seller, whereas in passive networking the initiation comes from another actor (Johanson & Mattsson, 1988) that can open new opportunities in foreign markets.

As for networking building mechanisms, Ciravegna et al. (2014), highlighted that there are several mechanisms strategies that companies use to establish or access networks in order support their internationalisation process. The mechanisms identified are the client-supplier relations, existing personal contacts acquired by chance and contacts acquired through specific strategies. According to their findings, companies make use of their existing clients (client-supplier relations) to help them find their first clients abroad. They also make use of their existing personal contacts to search for professionals working on potential foreign markets that can help the company with fundamental knowledge of that market. Besides, contacts acquired in fortuitous circumstances such as vacation resorts and dinner parties also facilitated companies to make their first foreign movements. With regards to contacts acquired through specific strategies, the authors identified that business events like international trade fairs and corporate events set up by MNEs are strategical for networking building since it corroborates to search for potential partners and develop contacts that can be used to internationalise.

Regarding the role of trade fairs as a mechanism of networking, events or large forums are considered an essential tool for enterprises to reach a large number of potential networks in a cost-effective way (Gopalakrishna & Williams, 1992; Shoham, 1999). Trade fairs facilitate the enhancing of international business networks, they allow companies to acquire knowledge by being exposed to the latest technology (Tesar, 1988) and developments available in their business segments (Bello & Barczak, 1990). It is also strategically valuable for promoting and selling products and services (Sashi & Perretty, 1992; Blythe, 1997), to collect information about competitors (Blythe, 2009) and being aware of market opportunities. These findings also correlate with the study conducted by Evers & Knight (2008), which the scholars emphasise the importance of fair trades, especially for SMEs, in the sense of building and enhancing
networks for informational and commercial exchange as well as establishing partnerships with horizontal and vertical networks for tangible resources and know-how.

When it comes to early internationalised ventures, the literature shows that these type of companies are highly dependable on their networks to expand their business. Partly because they possess lack of financial resources (Weerawardena et al., 2007), human resources (Knight & Cavusgil, 2004), legitimacy (Sapienza et al., 2006), and also because they suffer from liability of foreignness and newness (Oviatt & McDougall, 1994). Since in most of the cases they mainly depend on international markets to commercialize their products or services, networks go beyond in just providing knowledge, they may also help the firms to overcome strangeness, discover opportunities, be exposed to a new formation of networks or business structure (Aldrich, 1999), develop R&D capabilities (Nerkar & Paruchuri, 2005), and to provide financial capital (Coviello & Cox, 2006).

Opportunity recognition is a vital stimulus for an internationalisation process to occur. It is related to the entrepreneur cognitive ability to interpret the market needs becoming a strategic asset for a firm’s success. Vasilchenko & Morrish (2011) argues that the entrepreneur social network facilitates the process of opportunity exploration and leads to the formation of business networks that empowers the firm further internationalisation and its successful entry in foreign markets. Nowinski & Rialp (2016), found that different networks ties help in the identification of opportunities when companies start with their internationalisation process. They also found that entrepreneurs learn and develop knowledge not only through strong ties but also with weak ties established in serendipitous circumstances which helps generate foreign market awareness.

The acquisition of knowledge from networks is also a key driver of internationalisation. Just as important, networks have a significant influence on the growth and performance of enterprises in a foreign market. Since networks are not static, they can have different purposes in every life cycle of a BG. As a consequence, the next section will review the aspects of the life cycle of BG that contributes to an early and rapidly internationalisation process.

2.3. The Born Global Life Cycle Stages

The biological concept of life cycles is also adopted in the business literature to describe the evolution pattern of a company’s life, unfold in stages (Kazanjian, 1988). According to Hite & Hesterly (2001), each stage of a company’ life cycle represents a different strategic issue that the firm needs to address to progress to the subsequent stages. The approach is frequently related with the organisational theorists concerned in understanding the growth process through
an organisation context (challenges, development, growth rate) and organisation structure (size, age) (Hanks & Chandler, 1994). As for the BG theorists they likewise analyse these aspects. However, due to the nature of these types of company’s their focuses are more on the interplay between the company’ development and its internationalisation process.

One of the primary studies to investigate the development phases experienced by BGs can be found in the work of Gabrielsson et al. (2008), where the authors focused on explaining how a BG behave within a time-based period, and the reasons behind their progression. In their study, the findings showed that BGs advances into three phases of development: 1) the introduction and initial launch phase; 2) the growth and accumulation phase; and 3) the break-out phase, referred as when the BG can turn into a MNE and possibly acting in different market segments.

The introductory phase is characterised by four different actions undertaken by the companies for an adequate growth. Firstly, before sales take off, they build network ties to establish relations with potential customers, especially by forming collaborations with MNEs in which can support them with a rapid growth right from the beginning. The next action is to find for financial assistance from venture capitalists as a way to foster its development. The third action refers to the ability of active leaders to succeed efficient operation and marketing strategies. Lastly, it refers to the aptitude of the company to acquire organisational learning. In this case, by hiring an independent export manager, the company can be aware of opportunities and generate market-related intelligence, as well as building a stronger relationship between customers and the organisation (Gabrielsson et al., 2008).

The growth and resource accumulation phase consider several aspects that the company needs to ensure. To begin with, the company has to market its product better and to achieve this it is essential to position itself in relevant network ties to compensate eventual lack of resources, such as R&D, marketing, among others. The accumulation of organisational learning and finance is also crucial in this phase in order to serve a global market niche. By serving a specific niche, it will support the advancements of new products due to customer demands that will positively affect the profits. As a consequence, it will allow the company to achieve their financial resources without external help (Gabrielsson et al., 2008).

Before reaching the last phase, the BG has to face many issues concerning its future as well as its internationalisation pace. The break-out strategy employs some changes in which the BG may follow or not depending on its preparedness. If the company chooses to break-out, they will have to rely on their strength to position themselves independently in the global market, in other words, existing ties with MNEs will not be sufficient anymore if they pursue
to become a global player. In this stage, due to its product uniqueness that provides the company to generate its capital, the best future prospectus is to open up for a public offering of shares to raise more capital or to accumulate resources via licensing and-or joint-ventures (Gabrielsson et al., 2008).

Additionally, several other studies also analyse the development of BGs through different lenses can be identified. Mathews & Zander (2007) used the entrepreneurial dynamics to analyse the early and accelerated internationalisation of BGs. The authors noted that the entrepreneurial abilities to relate to competitors, exploiting opportunities, and organise sources contributes to a faster internationalisation. Weerawardena et al. (2007), also developed a model that comprehends a set of dynamic capabilities built by internationally-oriented entrepreneurs that enables BGs to achieve an accelerated market entry.

Another aspect highlighted in the development of BGs is the financial strategies and capabilities used by them in the different stages of their life cycle. Gabrielsson et al. (2004) developed a conceptual framework that concentrated in analysing the financial tactics and capabilities pursued by BGs in different times of development and the effects on the internationalisation process. According to the authors, even though BGs are known for creating innovative products in specific demanded niches, the high expenses of the products creation and the lack of initial cash flow faced by the majority of these companies are one of the main obstacles to reach sustainable growth. As a consequence, the expansion of the company relies on the ability of the entrepreneur or manager to obtain capital from different sources which is view as a key factor for the venture’ survival and internationalisation.

Gabrielsson et al. (2004), argues that there are three phases in the evolutionary process of financing rapidly growing firms. Initiating with the establishment phase, it usually consists of the founders own savings and governmental seed money. Also, they may rely on the help of ‘informal’ financing characterised as angel investors and others private venture financiers. In the international phase, BGs raise capital mainly through investors and domestic financial institutions. In this stage, they could also look for foreign sourcing funds viewed as an excellent option to obtain administration skills by international representatives and foreign market knowledge. Additionally, the partnership with customers, suppliers and other stakeholders are essential in this phase to provide a successful internationalisation, and, if the company possess sufficient capital, the fundamental target will be to enlist in one of the major stock market exchange. Lastly, before the company reaches the global phase many investments is needed for product development and mass production. However, this phase is characterized by uncertainty and investors may become more demanding due to possible market risks. As a
consequence, this can origin a slow process of growth caused intentionally by the entrepreneur in order to retain financial control over the business or shift strategies to minimises the necessity for investments.

As mentioned in the models above, the use of a network is strategic for obtaining market information and financial sources to sponsorship its development. As a reflection, the next two subsections will go more into detail regarding the network transformation within the life cycle stages that also affect the internationalisation speed of a BG since its early establishment.

2.3.1. Networks Within the Life Cycle Stages

Several studies have shown that the network ties of the BG change over time (Coviello & Munro, 1995; 1997; Majkgård & Sharma, 1998; Andersson & Wictor, 2003; Sharma & Blomstermo, 2003). According to one of those studies, Andersson and Wictor (2003) say that the process of network evolution must be understood from the beginning of the BG\'s life cycle rather than from the point at which they enter their first foreign market. The following studies contain a network evolution of the BG and were discussed, solely focused on the change in the choice of network, in the subsections: 1) Butler & Hansen (1991), 2) Hite & Hesterly (2001), 3) Coviello & Cox (2006) and 4) Laurell et al. (2017).

The study of Butler and Hansen (1991) includes ‘a model of network evolution’ that explains the change in the network during different phases of an entrepreneur. In their model, they are talking about three different phases, as follows: Entrepreneurial Phase, Business Start-up Phase and, the Ongoing Business Phase.

According to Butler & Hansen (1991), within the Entrepreneurial phase, the social network is essential for the ‘entrepreneurial phase’ because it assures the first impalpable sources and efficiency of the information related to the upcoming opportunities. However, when an entrepreneur has more social ties, this does not say anything about that the information will be more efficient because it is harder to screen the information and to get a clear image. A smaller network tie gives the opportunity to a stronger network. At the same time, the entrepreneur will be capable of identifying opportunities and take action upon it which connects the entrepreneurial phase with the process of opportunity identification (Butler & Hansen, 1991).

In comparison to the social network, the model shows that the network changes during the start-up phase and concerns a more focused network. This focused network can be seen as a business network that fulfils the more specific needs of the BG. The network consists of both social ties (survived from the first stage) and new individuals and organisations that provide
business links (Butler & Hansen, 1991). It is also called ‘process of business formation’ because at this stage the start-up tasks of the BG must be completed.

As the start-up phase is finished, the venture will be more interested in further growth and profitability and therefore reached the Ongoing Business Phase. Strategic decisions have to be made to achieve this, which is why Butler & Hansen (1991) call the need for a strategic network. They say that these networks, including competitors, make sure that the company experiences a smaller change of risk and failure and provides venture advantages.

As reported by Hite and Hesterly (2001, p. 276) “the presumption in life cycle approaches is that each stage represents a unique, strategic context that influences the nature and extent of a firm’s external resource needs and resource acquisition challenge”. They conforming to five stages of rising firms; emergence, early growth, later growth, maturity, and death. Hite and Hesterly (2001) solely focus on the life cycle stages of emergence and early growth because “these stages seem most likely to highlight the tension between whether networks characterised by embeddedness and cohesion or those rich in structural holes are more likely to confer benefits to firms” (p. 276).

The emerge stage contains a high level of uncertainty regarding the lack of know-how, network, and capital. During the emerging phase, the INV make use of the identity-based networks. “An Identity-based network suggest that the identity of the network ties which the ties are matters more than the specific economic functions or resources that this tie can provide to a firm” (Hite and Hesterly, 2001, p. 278). Moreover, in line with that, they say that an identity-based network changes into a calculative network tie when a firm is going from the emerging to the growth phase.

When a BG reaches the point of the early growth, the firm has to make more strategic decisions which will express in a broader scope of networking. Because an identity-based network is not fulfilling the strategic decisions that ask for motivation or influence for economic opportunities. During the early growth, the network needs to has the potential to provide the BG with new resources and provide them with opportunities. There is not yet a need for stability during this stage which gives the opportunity to move beyond the social networks that they have built during the emerging phase.

In the acknowledgement of Coviello and Cox (2006) they based their research on the BG’ evolution of Kazanjian’ (1988) life cycle model and enclose the following phases: Concept Generation, the Start-up and Commercialization, the Sales Growth and Organizational Issues and Stability and Profitability. Based on this model, the authors pay particular attention to the network choice and characteristics as they modify over time.
The conception phase is seen as the acquisition flow because it contains characteristics of finding internal knowledge and structures within the social network. As for the commercialisation phase, Coviello and Cox (2006) state that the human capital flow is dominating because to commercialise the marketing and technical employees should be attracted from the outside network to be able to make it to the next phase: growth. After the human capital flows, the development flow can be determined in this phase. The results of the network are slightly different at this stage because the network is important for the increase in financial stability and technology development. The last phase measures the network when it comes to financial stability and the transfer of resources that are needed to do so and therefore called the Stability and Profitability phase.

As Laurell et al. (2017), state that much research has been done in the international network, the local network can be as important as the international network. So the focus lays on the development of the network activities within the different phases of the BG itself. The following phases are discussed: the pre-founding, start-up and establishment of production phases, the commercialisation and sales growth phases. During those phases, the network of a BG can contribute to following upstage as they overlap.

As stated by the other authors (Butler & Hansen, 1991; Hite & Hesterly, 2001; Coviello & Cox, 2006) during the early stage the BG does solely hold on to their personal relationships as they have not explored the market yet. This is in line with Laurell et al. (2017, p. 134): “This study shows how key individuals’ local network ties, which already existed before the inception of the company, were crucial for the development of the innovative product and the founding of the company”.

During the start-up phase, the focus changes from the local network tie to develop capital. As the focus change, the network has to change with it, and an investment is needed. This requires a combination of existing, direct local and adjusting network actors to help to develop the BG to a new stage (Laurell, Achterhagen, & Andersson, 2017). The changed network during the start-up phase should be efficient at this stage as well. As said before, the stages overlap sometimes. While reaching out to a network outside the social ties, the BG can during the establishment still draw on their current network. Laurell et al. (2017, p. 133) “Overall, the latter two phases involve creating many new network ties because the existing ties no longer suffice”.

The last two phases, Commercialisation and Sale Growth Phase, contain creating many new network ties to prepare strategically for the future. The network changes over time from
2.3.2. Internationalisation Speed Within the Life Cycle Stages

The Uppsala-Model (Johanson & Vahlne, 1977; 1990) shows that market knowledge is acquired through the current business activities on the international market and this process develops in phases. However, Rialp-Criado et al. (2010), mention that to better understand the early and rapid internationalisation process of a BG the integration between (international) entrepreneurship and strategic management disciplines and a strategy-making process is vital.

As the strategic-making process depends on A) the nature of trigger of the international strategic behaviour (the founding entrepreneur or international networks, the environmental factors, organisational factors and the international networks of relationships); and B) the specific phase in which the company finds themselves in among the international development process from inception guiding the strategy making within the BG. Rialp-Criado et al. (2010), follow the stages as mentioned by Gabrielsson et al. (2008), mentioned earlier: pre-startup / new venture creation; pre-internationalisation; post-internationalisation. The trigger factors are playing a critical role in the BG’ internationalisation process.

Concerning the pre-start-up phase, the previous international and business experience, international vision influence is critically in the emergence and rapid development of BG firms, and therefore these entrepreneurs-managers’ characteristics lead to early and rapid international development (Rialp-Criado et al., 2010). The entrepreneurial-visionary is a natural strategy as described by Ackoff (1993) and can become especially relevant in the Pre Start-up phase as the vision of the entrepreneur is the capability to identify and act on the international market opportunities that arise are essential for the international growth and performance. As well as the cognitive strategy process that contains the entrepreneurs' experience and subjective knowledge that contributes to the pre-start-up phase.

In the pre-internationalisation phase, the BG needs to be able to identify and interpret early on the changing environmental conditions. As stated by Rialp-Criado et al. (2010, p. 116) “React to serendipitous or chance events and opportunities occurring in the international marketplace can make the difference between high and low performing internationalising firms. In other words, international opportunity recognition, alertness and exploitation mechanisms do matter in successful international entrepreneurship”.

By making use of the development of established organisations and networks and the continuous interactions between these are conceived as a process that leads to the rapid
internationalisation (Rialp-Criado et al., 2010) As concluded by Autio et al. (2000), through these inter-organizational relations, a BG can overcome the aptitude of newness, smallness, and foreignness that characterize this type of firms and an uncertain environment and can be understood as a learning-dynamic approach within the post-internationalisation phase. As the strategy is a result of the decisions made through the negotiations with the stakeholders in this phase of the BG, the political-interpretative approach views the negotiation process as rooted in power. Another approach by Rialp-Criado et al. (2010), contain the cultural approach that the organisational culture can influence the entrepreneur as the implication for the strategy to have to provide a guide to appropriate behaviour (Weick, 1979; Gioia & Poole, 1984).

After dividing these three stages, Rialp-Criado et al. (2010), state the importance of the stable and predictable environments made through the planning-analytical approach as the most useful. The importance of a formal-planning approach is by some authors supported (Delmar & Shane, 2003; Gabrielsson et al., 2008; Rialp-Criado et al., 2010) where others are more sceptical as it increases the process of a new business and does not have subsequent impact (Honig & Karlsson, 2004; Capelleras & Greene, 2008). Gabrielsson et al. (2008), describes three main phases whereas they suggest that the more advanced the BG becomes, the more strategically planned their market position can be.

By combining the strategy-making process with the several triggers as discussed above, the entrepreneur can anticipate and therefore achieve the internationalisation speed to the fullest. The model, shown in figure E, is developed by Rialp-Criado et al. (2010), shows the BG’ development within different stages of the BG’ life cycle facing different triggers.
Figure E. A Configuration-Holistic approach to BG firm’s strategy formation process.

Source: Rialp-Criado et al., (2010, p. 115)
3. Methodology

The following chapter outlines the methodologic approach used for this paper. The aspect of a method is “structuring one’s actions according to the nature of the question at hand and the desired answer one wishes to generate” (Jonker & Pennink, 2010, p. 22). The purpose of this study is to analyse how the network influence the internationalisation speed within the life cycle of a BG company. Therefore, an in-depth single case study of a Swedish BG company located in Halmstad is conducted. Thereby, the link between the network(s) and the accelerated internationalisation is mapped out.

3.1. Research Approach and Objectives

During this research, the inductive approach was chosen because the gathered data was analysed and brought new insights and a conclusion was drawn. However, due to the fact that literature was collected to set up interviews and to analyse the empirical data, it is also a deductive approach. The deductive approach was presented in this research by analysing the variables ‘Network’ and ‘Internationalisation Speed’. However, previous to this study, a lot of research had been done on the two variables and how they interact with each other. As a result, a phenomenon was detected, which led to a newly developed framework and was added to the existing literature. The literature, outlined in chapter two (literature review), is secondary data from articles, books and journal extracted from the databases Google Scholar and Web-of-Science.

Stated by Halinen & Törnroos (2005, p. 1286) “(...) networks as a focus of study tent to increase the complexity of research in many ways. The complexity of the studied phenomenon complicates, for instance, the planning of research design, the identification of cases and the collection of data”. Since the main focus of this study was to analyse the interaction between two variables, an exploratory study was chosen. This is because an exploratory study is suitable to analyse varied data. The data was gathered through qualitative research interviews to collect network data (Blumberg, Cooper, & Schindler, 2005). Halinen et al. (2012 p. 220), state that personal interviews, “allow[is] the researcher to interpret the respondents' implied application of diverse time concepts and to compare them across and between different actors within interaction processes”. According to Saunders et al. (2007, p. 315) “where it is necessary to
understand the reasons for the decisions that research participants have taken or to understand the reasons for their attitudes and opinions, it will be necessary to conduct a qualitative interview”. As in qualitative research, the main issue is authenticity rather than reliability, however, the openness is considered to be useful and positive as stated by Locke et al. (1987). The next paragraph will talk about how to deal with this issue.

3.2. Population and Sample

The sample was selected based on three criteria, which described in the following:

1) BG Swedish company;
2) Foreign sales volume of at least 25% within three years of establishment;
3) Active in either growth or stability phase of life cycle.

The of being a BG Swedish company was intended because of its convenience, both logistically and financially. That way face-to-face interviews, the main instrument of collecting data (see chapter 3.3., Methodology), were possible since both authors study and live in Sweden. The second criteria were that the company should match the definition of the scholars Oviatt and McDougall (1994). They define that a BG company has achieved a foreign sales volume of at least 25% within three years of its establishment. Thirdly, the company has to be either the growth or stability phase of its life cycle as the influence of network within the internationalisation process can be better understood if there have been some developments that can be analysed. Fulfilling these criteria, the BG company ‘Alfa Anticounterfeit’, located in Halmstad, Sweden, was selected as the sample company. The firm operates in the software industry and is currently in its growth phase with a foreign sales volume of 82.5%. For the interviewee, the criteria were set as the following:

- Entrepreneur and founder of the company;
- Active participation in the company’s internationalisation process.

It was decided that the interview have to be the entrepreneur and founder of the company and still needed to be in charge or participating actively in the business, especially in the company’s internationalisation process. This factor was extremely important due to the nature of this research as explained in the previous section

3.3. Instrumental Collected Data

According to Yin (1989, p. 23) a case study can be defined as “an empirical inquiry that investigates a contemporary phenomenon within its real-life context when the boundaries
between phenomenon and context are not clearly evident and in which multiple sources of evidence are used”. It can be seen as a research strategy which can involve a single or a multiple case and many levels of analysis (Yin, 1984). Eisenhardt (1989, p. 534) says that “the case study is a research strategy which focuses on understanding the dynamics present within single settings”. A case study typically collect data through different methods like: archives, interviews, questionnaires or observations and “give a possibility to be close to the studied objects (firms), enabling inductive and rich description” (Halinen & Törnroos, 2005, p. 1286).

When conducting a case study that contains a study including networks could face a few difficulties as Easton (1995) mentions the connectedness of the networks. To tackle these difficulties, the historical approach were used in a single-case study which is suitable method for network research. When the case study is analysed through the historical context, the data is more manageable when it is time-framed and it sheds light on the decision making and the role of the entrepreneur. “These elements are particularly important in examining entrepreneurship and individual (manager's) decisions and their outcome in contexts such as the internationalisation of the firm” (Buckley, 2016, p. 881). The data collection captures all the events that contributed to the outcomes of the BG and its current position in the internationalisation area. The use of historical research methods suits for mapping out the internationalisation process, according to Buckley (2016, p. 894) “the temporal dimension of the internationalisation process needs to be centre-stage and critical decision points and turning points need to be mapped on a timeline and against feasible alternatives”.

Yin (1989) mentions that the knowledge gathered in a single case study can be valuable in testing and developing theory. Moreover, “networks are often viewed as embedded in different spatial, social, political, technological and market structures, which makes each network somewhat unique and context specific” (Halinen & Törnroos, 2005, p. 1286). Networks are therefore a complex target to research.

A content analysis was conducted based on the historical context gathered by the in-depth interview with the entrepreneur of Alfa Anticounterfeit. To gather the information a two hours long interview was recorded. This interview was structured and consists of the following content:

- Background of the entrepreneur;
- Historical events;
- Networks ties within the historical events;
- Start-up phase;
Methodology

- Internationalisation process followed after inception until now;
- Future prospect.

Additionally, some questions were raised and were sent to the entrepreneur by email. To ensure privacy, faked names were used for the BG company, the entrepreneur and the customers. The company itself was named ‘Alfa Anticounterfeit, the entrepreneur JHA and the customers Romeo, Juliet, Lima, Kilde, Klein, Globex, Timber and Melon.

In order to see a historical perspective, a timeline as a guide to visualising the historical events was used. This timeline was extended with the information given during the interviews and underlines the information given.

3.4. Conceptual Framework

Several studies have shown that the network ties of the BG change over time (Coviello & Munro, 1995; 1997; Majkgård & Sharma, 1998; Andersson & Wictor, 2003; Sharma & Blomstermo, 2003). According to one of those studies, Andersson and Wictor (2003) say that the process of network evolution must be understood from the beginning of the BG’ life cycle rather than from the point at which they enter their first foreign market. To do so, this leads to the following three stages as explained below and this gave the opportunity to embrace the knowledge that is out there and summarised in a new framework.

The life cycle stages are mentioned and represent the timeline of a BG separated in three periods of time: the inception-phase, start-up phase and the growth phase. All the life cycle stage represent a development of the BG whereas the choice and use of the network is an important part. So while every BG is unique, the phases are covering a different time horizon for each, but they do represent a similar network use. With regards to measurement of the internationalisation speed, the method chosen is provided by Weerawardena et al. (2007), which measures the speed from the first international activity.

The choice of networks depends on the development of the company. However, the decision for going international is not time framed and cannot be captured in stages as is done for the network time horizon. This is why this paper is capturing the influence of the network within the stages to see how they influence the internationalisation speed and how those variables are related to one and another. By combining the variables networks, life cycle stages of the BG and the internationalisation speed leads to the following framework in Figure F.
Figure F. Model of Networks within the Life cycle stages of the BG that influences the internationalisation speed.

Source: Elaborated by the thesis authors (2018)
4. Empirical data

This chapter contains the description of the company Alfa Anticounterfeit as a case study that is used as an analysis for this research. Alfa Anticounterfeit is an early internationalised venture spun out from an SME family-owned company. Alfa Anticounterfeit started its operations in September 2016 by the present owner and CEO, and also former CEO of Alfa Solutions, named in this research as JHA. Since its establishment, the company is inserted in the highly niche-oriented software industry, developing anti-counterfeit software designed for the needs of IP owners and brand protection teams. Currently, the company has 12 employees from six different nationalities including China, India, Iran, Spain, Sweden, and Denmark. The company is known for being one of the leading leaders, nationally and internationally in its field. They concentrate against counterfeiters through an integrated system that allows a data flow from start to finish for clients as well as local lawyers, international brand protection organisations, web monitor services, and external investigators to keep a track on illicit activities.

JHA is the entrepreneur and founder of Alfa Anticounterfeit. He has a broaden experienced background within startups, the international software, project development, sales management and mentoring. His career started with an academically education of a bachelor's degree in Economics at Lund University. After graduating, he began working at several companies, whereas in 1996 he started his first job related to internationalisation as an international sales manager. Within two years he became the head of sales in Eastern Europe and Asia. One year later, he began as the director of the Department of Business Development and Sales. From that moment on he worked in several companies that were all related to internationalisation, and he was either been the director or chairman/member of the board. In 2007 he became a mentor to start-up companies. His career within Alfa Solutions started in 2010 when JHA joined the company and was running the business from a board perspective. After two years he came up with some ideas to develop the company with the anti-counterfeit trademark software as a service (SaaS). In 2013 he started as a CEO of Alfa Solutions to build the company with the focus on the anti-counterfeit solutions.

To understand the internationalisation pattern of Alfa Anticounterfeit and to achieve the methodological method proposed by this research, firstly we had to look back to the international activity history of Alfa Solutions which led us to the inception and growing phase.
of Alfa Anticounterfeit. The previous events and the foreign activity of Alfa Solutions provide an overview to comprehend the product development better, the role of the entrepreneur in the business, as well as the internationalisation trajectory that follows the subject company’s analyses. The following information presents the historical events within the first timeline (Alfa Solutions) solely focus on the crucial events that influenced or had any consequences for the life cycle of Alfa Anticounterfeit. The timeline is added in figure G and is shown after the description.

**Timeline 1: Alfa Solutions**

Alfa Solutions operates in south-western Sweden and has a long history and experience in the IT solutions, developing a variety of services and products, including, system development, system technology, operational services and IT education. Alfa Solutions started in 1972 and provides operational IT solutions and system technology for the Swedish domestic market, including big companies such as Loco which was the trigger that led to the first international customer.

The internationalisation process of Alfa Solutions started in 2008 when their first international customer, Romeo approached them. Even though this company was established in Sweden, the mother company is located in Japan, which makes the company an international customer. Romeo became familiar with the company after meeting an IT professional that had worked at Loco, the domestic company as mentioned before. At the time, Romeo was experiencing counterfeit actions and was in need of an information system. Since the former Loco employee had worked with the Alfa Solutions system before, this created the bridge between Romeo and Alfa Solutions. This event made Romeo approach Alfa Solutions, requesting for a system. The request contained a custom-made solution that could track the activities of counterfeiters in order to solve a specific problem. During the solvation of the customer’s problem, they required additional functionalities frequently, and after three years of ‘tailoring’ an anti-counterfeit case management solution (CMS), that could benefit the customer and its requests, Alfa Solutions started conducting a product.

In 2010, JHA began to work for Alfa Solutions as a chairman of the company’s board. After three years working as a chairman, he started noticing that the solution provided by the company could become a highly potential software product. To develop a better product line, JHA began three years later to work as a CEO. This process of developing a new product turned out to be an anti-counterfeit trademark software as a service (SaaS) to brand protection teams around the globe.
Then, in 2013, during an internal conference, Romeo met another company called Juliet. Romeo and Juliet belong to the same brand, even though they are separated companies and acting in different industry segments. As Juliet was struggling with the same counterfeit problems as Romeo, they decided to approach Alfa Solutions to request for the same CMS, becoming the second internal client later that year.

In the same year, Juliet requested integration with the company React, as React is a Javascript library for building a user interface. They wanted a tactical alliance between React and Alfa Solutions as React sends their information by email as a downloaded Excel-file and Juliet preferred receiving this information directly into the software program.

In Autumn 2013, Alfa Solutions attended the first Trade Fair by a customer’s recommendation as they asked Sony Mobile were they meet their suppliers. The Trade Fair is an essential network for Alfa Solutions because it is an executive platform where different industries challenges are discussed for anti-counterfeiting, Online Brand Protection, Cyber Crime and so on. It is an event where professionals within the brand protection industry can exchange their latest research and knowledge. During this trade, there is a possibility to have face to face business meetings, interactive presentations and exhibition space. By attending those events, Alfa Solution was able to draw attention and to get familiar with the IP intellectual property industry. These fair trades are highly specialised within the fragments of IP where customers attend as lawyers who work within the brand protection of a potential customer. Tactically the trade fair is an international event, so the events gather people from a global audience. During this first attendance, Alfa Solutions met Lima, a future potential customer. However, since the product is a real investment, it usually takes some decision time before the customer is signing the contract. So in 2014 after internal negotiations, Lima became the third international customer.

In 2014 Alfa Anticounterfeit became a member of the Swedish Anti-counterfeit Group, SACG. SACG is a society that actively fights against counterfeits where the members of SACG are companies, organisation and individuals. During the same year, Alfa Solutions won a price, being the most innovative company during the year of Halland (a region in Sweden). This competition was held by Almi, a governmental organisation that has the objective to help new companies with growth ambitions, especially in the early phase of the company’ life cycle. By winning this competition, Alfa Solutions received an innovation check that later followed with an internationalisation check and the product development check. With the last one, they hired an external employee that developed the product.
The first approach with Klein, happened during the first trade fair event in 2014 when the company was still Alfa Solutions. Nevertheless, it took Klein one year to sign the contract as the software cost are around € 5,000,- a month and is, therefore, a real investment. However, during that time they realised that their anti-counterfeit costs were raising and their system was not resistant to concur these problems, which in turn made them become a customer.

2015 was a turning point for the future of Alfa Solutions. By achieving four international customers that were solely buying the anti-counterfeit trademark software, the board realised that the software as a service (SaaS) had potential in the world market. However, to further develop the software, the more financial capital was needed, but external investors had a propensity to only invest in new companies, instead of holdings or subsidiaries. Due to this fact, the board decided to split the company into Alfa Solutions and a new-born company ‘Alfa Anticounterfeit’. This new-born company was meant to focus on the software itself as they should take over the current four international clients. From this moment, the owners of Alfa Solution approved the split up of the company, and together they started to look for potential investors to launch the new company. To be able to launch the new company an entrepreneur was needed and therefore the board agreed on JHA to lead the company. As mentioned by JHA that “during that time, I had an international background and the other board members did not have”.

**Timeline 2: Alfa Anticounterfeit**

In order to start-up the venture, JHA knew that it was not going to be an easy process. A lot of capital was needed for the inception.

In 2015, as they started searching for investors, Almi suggested their sister company Almi-Invest as they are a venture capital owned by the Swedish State and invest in new companies. When JHA contacted this external investor to be able to apply for financial assets, additional requirements were established. The first requirement was that during the investment, Almi-Invest would participate in the board of Alfa Anticounterfeit for a maximum of 5 years, according to the Swedish Law. The second restriction was that they would invest if there were at least two other investors besides Almi-Invest. With this requirement, Alfa Anticounterfeit started looking for other investors in which they became Entreprenörinvest and an Angel investor.

Entreprenörinvest is a privately owned organisation that invests capital in Swedish firms. This contact was established with the support of the board members from Alfa Solution. Peter, a child of one of the board members, is a company advisor at Swedbank, was once
listening to a speech that was given by the CEO of Entreprenörinvest. During the speech, Peter was aware of the fact that Alfa Anticounterfeit was looking for external investors and decided to approach the CEO to introduce JHA’s business idea. During this conversation, the CEO showed interest and Peter established a connection between the CEO and JHA that lead to the first business meeting. Throughout the meeting, they both realised that their paths had been crossed before since Entreprenörinvest is owned by the company Loco that is actually one of Alfa Solutions’ customers. As they were already connected with each other, the CEO was willing to invest in Alfa Anticounterfeit hence becoming the second external investor.

As for the third shareholder, JHA, therefore, contacted an old business colleague who became an Angel investor, which is an individual and informal financier that provides capital for new ventures in exchange for ownership equity. During the informal business meeting to discuss the business idea, this colleague became enthusiastic and decided to invest in the business. With the accomplishment of the requirement established by Almi-Invest, JHA raised a substantial amount of money to support its first venture operations.

As a consequence, Alfa Anticounterfeit started operating in September 2016 already started international as they integrated four international customers from the previous company, however, when the company was founded they did not start to operate under their new name in order to be able to build up their new brand. The reason for operating under the old name was as said by JHA: “Because we did not want to let the customers know that we are a new venture with a different management as we did not want to start any rumours or scare any customers. After we made the establishment, we contacted the international clients that were using the software to inform them about the transition by asking them if they were still satisfied or if they noticed any difference in receiving service”.

The first year of operating as Alfa Anticounterfeit, the company started efficiently. First, an American company became interested in the software product and was eager to collaborate as a reseller for the new venture to enter the US market. Even though the business exchange still has not set off, Alfa Anticounterfeit still maintains the contact as a prospect network for the future. Also, Alfa Anticounterfeit gained their fifth international customer, Kilde. The customer approached the company directly and requested a demo through the website of Alfa Solution, and a few months later Kilde signed the contract.

As of 2017, the business started to grow as they achieved another two international customers, Globex and Timber. The first contact with Globex was during a trade fair in 2016, and one year later they signed the contract. Regarding Timber, more time was necessary to sign the contract as their first approach was during the trade fair in 2014.
In October 2017, the next investment round started as more capital was needed to provide accelerated growth in the product and to open up more job opportunities. To do so, the current investors were informed during a board meeting as Alfa Anticounterfeit requested help to get in touch with more external investors. By activating the stakeholder's networks, external investors emerged as the company was well recognised by the international customers and gained reliability by showing the benefits of the system within this short amount of time. Moreover, something unusual happened that when the word had spread, suddenly the network of the external investors was also interested and started to approach Alfa Anticounterfeit in order to provide capital. So, when Alfa Anticounterfeit opened the doors for external investors, they managed to get 50% more of the investment needed.

Melon became the first domestic customer in 2018. Whereas, the first customer contact was during a meeting in 2016, where JHA approached the head of the brand protection. During that time, Melon was setting up a department of brand protection, and Alfa Anticounterfeit, therefore, introduced the system to them. Melon was, at that time, not capable of investing that amount of money and had to reject the offer. The current customers of Alfa Anticounterfeit are huge brands who experience counterfeit problems and usually have a brand protection department. For now, Alfa Anticounterfeit is not able to lower the price of the software without making a loss. To widen the market, they are rebuilding the system, to be more available to smaller customers that are experiencing the same problem so they can afford the product. To do so, they set up a pilot where the new system should be more flexible, smaller and therefore available for the more modest customers as Melon. By providing Melon with a pilot customer price, they became a customer in 2018. This new software is currently an ongoing process.

At the moment Alfa Anticounterfeit is negotiating with some potential customers. These customers came in contact with the company through the network of the current clients, as there has been no face-to-face contact with them. The established customers are providing word-by-mouth by talking about the software provided by Alfa Anticounterfeit. Within the board of React are the customers Klein and Timber. Within this small world, this organisation can be one of the most important networks for the BG as the other members are potential clients for the BG and therefore satisfaction with this software program is vital.

Therefore, the prospect of Alfa Anticounterfeit is to be the dominant actor in the market and to achieve 200 additional customers within the upcoming ten years. Were today the company counts nine customers, and they realise that they have a long way to go.
5. Analysis

By looking at the case description, and analysing the first international activity through the measurement method provided by Weerawardena et al. (2007). Therefore, we can identify that the internationalisation process and the internationalisation speed of Alfa Anticounterfeit started within Alfa Solutions with the customer Romeo as shown in the table below.

**Table 2. The internationalisation Process of Alfa Anticounterfeit**

<table>
<thead>
<tr>
<th>Number of customers</th>
<th>Country</th>
<th>Name of the company</th>
<th>Year of establishment</th>
<th>% of customers</th>
<th>% of foreign sales compared to the total sales</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Before the inception</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Japan</td>
<td>Romeo</td>
<td>2008</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>2</td>
<td>Japan</td>
<td>Juliet</td>
<td>2013</td>
<td>50%</td>
<td>100%</td>
</tr>
<tr>
<td>3</td>
<td>Netherlands</td>
<td>Lima</td>
<td>2014</td>
<td>33%</td>
<td>100%</td>
</tr>
<tr>
<td>4</td>
<td>Netherlands</td>
<td>Klein</td>
<td>2015</td>
<td>25%</td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td>After the inception</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>France</td>
<td>Kilde</td>
<td>2016</td>
<td>20%</td>
<td>100%</td>
</tr>
<tr>
<td>6</td>
<td>Germany</td>
<td>Globex</td>
<td>2017</td>
<td>17%</td>
<td>100%</td>
</tr>
<tr>
<td>7</td>
<td>Germany</td>
<td>Timbler</td>
<td>2017</td>
<td>14%</td>
<td>100%</td>
</tr>
<tr>
<td>8</td>
<td>Sweden</td>
<td>Melon</td>
<td>2018</td>
<td>12.5%</td>
<td>87.5%</td>
</tr>
</tbody>
</table>

Source: Elaborated by the thesis authors (2018)

This confirms the awareness highlighted by Zahra (2005) in which BGs can spun-off by existing companies. Furthermore, regarding this issue, we found no support from the current BG development models that emphasises this spun-off phenomenon, which in turn can provide the company with primary benefits concerning infrastructure resources, know-how, financial capital, networks, customers and the recognised names of their parent corporation (Zahra, 2005).

As a reflection, to conduct the analyses, understanding of the historical context established within Alfa Solutions is analysed, since this characterised the start-up phase of the spun-off. Aligned with the three phases proposed by this research they were intrinsically related...
to the events occurred during the life cycle of Alfa Anticounterfeit. Hence, the life cycle stages are analysed by comprehending the following primarily events: 1) The Pre-inception Phase, characterized by the time in which JHA realised the potential to commercialize the product further internationally; 2) The Start-up Phase, follows the time in which Almi-Invest applied the investment requirements that forced the company to be split into two; and 3) The growing phase, is comprehended as the time in which they started operating under the name of Alfa Anticounterfeit.

Given the first directions, the next section conducts the analysis that contains an investigation on the influence of the networks within the development of the company on each life cycle that leads to its internationalisation speed.

5.1. Pre-inception phase

We can identify that Romeo was the first network for Alfa Anticounterfeit as they were the key driver to develop the high-tech software program and therefore the first network to position the product that became later the reason of the establishment (Gabrielsson et al., 2004). During the process of establishing this software, JHA became the CEO of Alfa Solutions as he had a strong vision of the development and the potential of the product within the global market, due to his previous experiences within the internationalisation process in the software industry (Rialp-Criado et al., 2010).

After the establishment of the software product, the second client, Juliet, requested for an alliance between the software system and React. By integrating those two systems, the network established was perceived as a strategic mechanism for the company to future potential customers (Ciravegna et al., 2014).

Another factor correlated with the business orientation of JHA and also to the literature of BGs is the ability of the entrepreneur to perceive new market opportunities (Rasmussen, 2002; Andersson & Wictor, 2003; McDougall and Oviatt, 2000; 2004; Knight & Cavusgil, 1996). After developing an integrated anti-counterfeit product, the entrepreneur vision concerning the product was to commercialise it on the international market. JHA: “We approached Romeo, to ask them where they meet their suppliers as we wanted to know where we had to be to promote our software”. This lead to the attendance of the first International Trade Fair that was an essential network as they met future potential customers for selling their product (Evers & Knight, 2008).
According to Autio et al., (2000) and MacDougal et al., (1994) the aptitude to internationalise in an early stage and maintain its growth in the external market is linked with the internal competencies of the firm. This assumption associated with the concepts of innovation and knowledge. As highlighted by Cavusgil & Knight (2004), innovation is an outcome of one being the Internal R&D that accumulates a firm’s knowledge, which in turn supports the opening of a new market or its reinvention. These arguments are specific dependable within the entrepreneur role and its ability to generate uniqueness and the innovative product inside a highly competitive market. The product innovativeness lead to winning the innovation prize of the year, received by Almi which helped the company to develop the product further.

However, to advance the product, they needed more financial capital. As searching for new ties can be quite a challenge within an industry as they are not yet established, this new venture could benefit from the network provided by Alfa Solutions. The first network then created contains the social network of an employee working at Alfa Solutions. The employees were aware of the fact that there was a venture about to established and through them JHA accessed the organisation networks referring to Almi-Invest who provided the company with governmental seed money which is according to Gabrielsson et al., (2004) a way of financing for young, rapidly growing technology-based firms.

By looking at the company’ first life cycle, we can identify several factors within the phases that played as a key determinant for its internationalisation rapidity. Starting with the pre-inception phase, the technological distinctiveness of the company’s product was perceived by the CEO as a highly potential asset that could be better explored in the international market. As an outcome, the usage of the business network provided market knowledge to better market the product and to position the company within the international industry. Thus, the global vision of the CEO (Pla-Barber & Escribá-Esteve; 2006; Casillas & Moreno-Menéndez; 2014) and the usage of firm’s networks (Freeman et al., 2006; Kiss & Danis, 2010) was applied in the findings as a determinant of internationalisation speed in the initial stage. The pre-inception phase is visualised in figure H.
5.2. Start-up phase

Almi-Invest represents a key turning point, because of their requirements the only solution left was to become an independent company that was solely focusing on the software. Since the company needed to be guided, JHA so became the entrepreneur of the new company (Andersson & Wictor, 2003). In this phase, the firm is concerned with how to finance the new venture. To do so, he transferred his assets to establish the new company and had to activate his networks to make his objectives concrete as argued by Gabrielson et al. (2004). To fulfil the second requirement of Almi-Invest that contained two more external investors which again were made through a social network that gave access to the organisation network referring to Entreprenörinvest and the Angel investor which is a personal network tie. These networks made it possible for the venture to move to the next phase that includes the founding of the company in 2015.

This start-up phase, as shown in figure I, characterises itself by using only social networks and the acting upon the opportunities that arise. The phase is in line with the findings of Laurell et al. (2017) that conclude that the pre-inception phase made use of the network that already existed and is playing a crucial role for the start-up phase. The usage of networks was essential to provide the capital needed to establish the company. According to Gabrielson et al., (2004) and Gabrielson et al., (2008) in the start-up phase financial support is required to market and sell the product internationally which directly influenced internationalisation rapidity. Additionally, it was identified that the decision made by the board in order choose JHA as the head of the new company can be considered an important aspect. His previous international working experiences (Luo et al., 2005; Zucchella et al., 2007; Musteen et al., 2010; Casillas & Acedo, 2013), within foreign sales and the software industry, could be seen as a strategy for the future internationalisation performance of the company.
5.3. Growth phase

In order to proceed with the internationalisation process, they had to rely on trade fairs (Evers & Knight, 2008) to provide recognition of the brand and to penetrate the industry. As Johanson & Mattson (1988) say that through penetration the position can be developed through the networks that are already positioned and increase the resources. The trade fairs provided a network where it was possible to follow up with the potential customers meet at the first trade fair. As every year the same and additional companies would join. By attending the international trade fairs the previous years, they were able to gain their first three international customers as a new brand.

As the company had gone through the start-up phase the product and therefore the company needed more capital to provide accelerated growth for achieving sustained growth and constant improvements in the product (Trudgen & Freeman, 2014; Gabrielsson et al., 2004). The second round of investment, therefore we can also point the use of networks which through external investors were accessible new investors. As quoted by JHA: “Making the first million is hard, making the second is not”.

As for the Growth phase (figure J), two determinants can be detected: the product, networks and the competitiveness characteristic of the entrepreneur. The product is seen as a characteristic of BGs which Knight & Cavusgil (2004) and Oviatt & McDougall (1994), highlights that new ventures commonly develop singular products that is also attributed as a key driver for their rapid internationalisation. Networks in this stage are seen as strategically important to obtain more customers and access different markets through partners. With
regards to the competitiveness character of the entrepreneur, in this stage due to the increased exposure of the company within the industry, the competition stands out as one of the important factors in the speed of internationalisation, which leads the entrepreneur to seek for new opportunities constantly.

**Figure J. Growth phase Alfa Anticounterfeit**

Within networking and especially internationalisation, communication is a key factor. Highlighted by Williams & Chaston (2004) is that effective communication does rely on the language proficiency as it will reduce the psychic distance, minimises the misunderstandings and gives the opportunity to be emotionally expressive. Currently, the company counts 12 employees from six different countries including China, India, Iran, Spain, Sweden and Denmark as hiring locals is a way of gaining access to knowledge about culture and norms and therefore leads to a reduction in the psychic distance (Trudgen & Freeman, 2014). JHA explains during his interview that this is a future strategic decision: “As I learned from early work experience at international companies that having an international network helps you. For this particular company, during the trade fairs, it helps to have more mother tongue languages while communicating with different companies that are located in different countries. Especially because the product is quite complicated, it makes the communication easier”. This correlates with the findings of Musteen et al. (2010) that highlight the importance of sharing a common language between network ties as a determinant to increase in the internationalisation speed.
6. Conclusion, Limitations and Further Research

This chapter contains the discussion and the findings of the case study and how it contributes to the theory. Additionally, the limitations and further research are presented.

6.1. Conclusion

This research has been primarily a concern in examining the influence of networks on the internationalisation speed within the life cycle of a Swedish BG company. By analysing the empirical data of Alfa Anticounterfeit, we can conclude that the company made active use of networks in every phase of its life cycle in terms of acquiring market knowledge, financial support and access to customers in which directly influenced in its internationalisation process and speed.

In an initial phase, the awareness of the qualified entrepreneur in visualising the potential of the product to be commercialised in a broader market context supported the first move for the international product growth. The client-supplier network provided the company with earning information regarding the access of foreign customers, strategically targeting a particular technological market niche. This approach made by Alfa Anticounterfeit was extremely important for its future positioning within international networks (Johansson & Mattson, 1987; Johanson & Vahlne, 2009) and also to place itself in a narrow global market segment, in which its product takes part. Additionally, the knowledge acquired by the customer influenced on the firm future behaviour regarding the importance of the network mechanism, in this case, characterised by trade fairs, that allowed the company to enjoy direct relationships with foreign actors, be aware of competitors, opportunities and problems regarding its market sector as well as internationalisation knowledge. With regards to the internationalisation speed, the participation on the trade fair provided the company with the future customers that reflected on its internationalisation rapidity.

In a second phase, the social networks played as a key point in order to seek for economic support to establish the company and to start selling the product internationally as an independent company. The social ties provided trusted sources by facilitating access to financial capital align with the governmental organisation that provides funds for new ventures. The initial capital obtained by the company played as a critical role for its inception, initial
survival and growth. In parallel, the financial help obtained also provided the company to market and sell the product internationally in which also influenced on the internationalisation rapidity in its growth phase.

Within the growing phase, the company also had the support of the investors’ networks to obtain more financial capital to increase its size and also to further develop the software (Gabrielsson et al., 2004). We can identify that in this phase no social network was used to obtain financial support. This is due because the company was being noticed internationally by its novelty and was constantly positioning its self through trade fairs (Evers), which gave the company market stability and credibility. This aspect is also a reflection on the approach made by external investors that were offering ‘extra’ financial help. As for the internationalisation speed, this phase showed an increasable number of clients and foreign international sales characterised as rapid international expansion.

Along with the influence of networks, we can also highlight three aspects that contributed for its internationalisation speed and where present along the three phases of the company, the characteristic of the entrepreneur, the product and the mechanism of the network, identified as the trade fairs. During the company development, the entrepreneur played an essential role by showing proactiveness and a global vision, in which found support in the literature as a determinant of internationalisation speed (Pla-Barber & Escribá-Estève, 2006; Casillas & Moreno-Menéndez, 2014).

With regards to the product and the mechanism of networking, we found that due to the software innovativeness and uniqueness, for integrating a system that connects the customer and other actors, it provided the company with international recognition. This is one of the reasons that some of the customers approached the company. This argument also aligns with the BG literature in which argues that the high-tech product of BGs is one of their primary drivers for early and rapid internationalisation. As for the mechanism of networking, by participating in trade fairs, it allowed the company to have a better sense of the complex and dynamic competitive environment of its market segment which in turns may help with future strategic decisions. Additionally, by attending this event, the company is able to develop and maintain networks as well as build knowledge about new technological developments.

6.2. Limitations and Future Research

This research contributes better understand the influence of networks within the internationalisation process of a Swedish BG. However, because it contains a single-case study
Conclusion and Further Research

we were not able to generalise the results. Therefore we recommend basing these findings on more BGs located in Sweden. Due to the historical exploratory approach, we were able to compose the in-depth case description which contains the development of the network. For the future research, we propose to use the ‘Path dependency Theory’ as this theory looks into how the historical events within a company follow specific sequences and therefore forced to have a more in-depth look into the mechanisms that account for the logical association between those events. It highlights the importance of understanding the characteristics of the internationalisation process as well as the multiple causes of events (Araujo & Rezende, 2003).

Then, the network ties were not negatively influencing the BG’ development through the gathered information during the interview with the entrepreneur/founder. As we collected the data relying on the information gathered through the interview with the entrepreneur/founder, it has its limitations as the person may overstate about their importance within the company or the company’s development. Another reason could be that the interviewee may not have felt confident as the interview was recorded.

As this case study solely focuses on the networks used that did or did not cause internationalisation speed we used a case study that was a spun off from another company. The company has benefited from the resources, networks, and system of the existing company. Therefore future research could develop more models concerning this type of BG, as the company is due to the competitive advantages of network ties able to internationalise in an early stage. On the other hand, because the case study contained a spun-off, to make sure that the model is valid we suggest a ‘not-spun off BG’ to be tested using the same criteria.

Then, the characteristics of the entrepreneur have shown importance in the development of the BG. Since we are only analysing the network theory, for further research, we also suggest the use of international entrepreneur approach in order to have an in-depth view of the entrepreneur itself. However, to conduct further research in this direction, the role of the entrepreneur within a spun-off could provide more in-depth knowledge about this specific phenomenon.

Another future research is instead of a single-case study to do a case-comparison. By doing this, the study will conduct an in-depth analysis by looking at two BGs at the same time. In this study the BG is at the moment in the growth-phase it would be therefore interesting to see the further development.


References


8. Appendix

8.1. Appendix A - Interview Guideline

Main purpose

- Entrepreneurial background and experiences
- Networks established before the inception
- The start-up phase networks and its development
- The international activity and influences of networks (chronological events)

Questions regarding the entrepreneur

1. What is your background (academically and professionally)?
2. Could you share your previous work experience?
3. What aspect of your career has impacted your current experience?
4. In your past personal and professional experiences have you established contact?
5. In your perception, did your previous experiences have any importance for the internationalisation of the company?

Start-up Questions

6. How did you start your company?
7. Did any contacts contribute establishment? If yes, can you describe them?
8. Have you established any new contacts during the start-up of the company? If yes, when and how?

Questions regarding the internationalisation process followed after inception until now.

9. In order to understand the internationalisation history of your company, could you indicate which countries you are active or have worked in chronological order, type of activity carried out and motivation to enter that country:

Chronology/year country, type of activity (export, licensing, franchise, partnership, office, etc.), and motivation (see list below).
Motivation

- Market Opportunity
- Competitive advantage of the competition
- Potential customer demand from the outside
- Because company executives already knew this foreign country

10. As mentioned above, in what way did you enter those countries?
11. Did you specifically search for contacts or events when you were planning to go international?
12. Did any contacts events contribute to the first client approach?

Questions Regarding every international client approach

13. Who was the initiator of this first partnership?
14. What factors decided to establish this contact event?
15. Is this a strong or weak network?
16. How did you enter this country?
17. What is the process of this specific market entry?

<table>
<thead>
<tr>
<th>Chronological Internationalisation Order</th>
<th>1</th>
<th>2</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initiator</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Factors</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strong/weak</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Market entry Process</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Formal/informal</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Questions regarding current activities and future prospects

18. How did your contacts change over time?
19. Which contacts can you consider as the most important strategy for your company?
20. Have you established a network relationship with competitors?
21. Have you experienced constraints with partners?
22. How do you choose your employees?
23. What is the influence of your employees when you acquired contacts?
24. How about the future? What are your strategic plans for the future concerning network market entry size of the company?